

STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of March 10, 2026

TO: Honorable Mayor and Members of the City Council

SUBMITTED BY: Greg Goodfellow, Associate Principal, PlaceWorks
Zoe Merideth, Planning Manager *ZM* *DAS*

APPROVED BY: David A. Storer, Interim Community and Economic Development Director

SUBJECT: Adoption of an Inclusionary Housing Ordinance (IHO) Consistent with City's 6th Cycle Housing Element Implementation Program 2.1.10

RECOMMENDED ACTION

It is recommended that the City Council:

1. Introduce by title only and waive the first reading of an ordinance of the City Council amending the City of Antioch Municipal Code Title 9: Planning and Zoning to add Article 43: Inclusionary Housing;
2. Adopt the resolution establishing an affordable Inclusionary Housing Trust Fund (IHTF); and
3. Adopt the resolution amending the Master Fee Schedule to add an in-lieu fee and an affordable housing compliance monitoring fee.

FISCAL IMPACT

The adoption of an Inclusionary Housing Ordinance (IHO) would lead to an indirect cost of staff time to administer the program. Many costs would be recoverable from the program, as staff time for the processing of housing projects is billed directly to developers. Additionally, the proposed compliance monitoring fees would cover staff's time to monitor rental units annually, and process sale documents. Should a developer pay the in-lieu fee, which is proposed at \$202,500 per unit, the City would collect these fees and be deposited into a fund to be used for affordable housing purposes (the newly created Inclusionary Housing Trust Fund – "IHTF").

SUMMARY

Staff and the Planning Commission have studied the feasibility of adopting an IHO and an appropriate optional developer in-lieu fee. An IHO, often referred to as "inclusionary zoning", is a zoning tool that requires developers to allocate a percentage of housing units

in market-rate developments as “affordable”, or below-market rate (BMR) units. Many IHOs include the option of paying a fee (“in-lieu” fee) rather than building the required affordable units onsite. The IHO study is consistent with Program 2.1.10 of the City’s state-certified 6th Cycle (2023-2031) Housing Element.

Staff completed an IHO feasibility study, outreach, and fee calculation processes. Staff also drafted the IHO and determined an appropriate in-lieu fee amount based on current market conditions. For reference, the materials presented in this staff report include the in-lieu fee calculation and information regarding the IHTF.

The IHO process was previously reviewed in the following study sessions:

- April 16, 2025: Planning Commission Study Session
- May 27, 2025: City Council Study Session
- August 26, 2025: City Council Study Session
- September 16, 2025: City Council Study Session

On February 4, 2026, the Planning Commission voted 4-0, with two members absent recommending that the City Council adopt the IHO (discussed in detail below).

BACKGROUND

Inclusionary Housing in California

Inclusionary housing regulation, or inclusionary zoning, has been used for the past few decades in California to produce affordable housing. Inclusionary ordinances require that a specific percentage of units in market-rate development projects be offered at below-market rates, typically to Very Low-Income (VLI), Low-Income (LI), and Moderate Income (MI) households (see below for definitions). These percentages are known as inclusionary requirements. Nearly 200 cities and counties in California have adopted IHOs, including Contra Costa County and multiple jurisdictions in Contra Costa County. Examples of select IHOs in Contra Costa County are summarized in Attachment D.

Antioch has considered adopting an IHO since approximately 2009. Past City leadership concluded that market rate housing in Antioch was already adequately affordable. In 2016, the Contra Costa Grand Jury released a report titled *Where Will We Live: The Affordable Housing Waiting List Is Closed*. The report recommended that Antioch should consider adopting an IHO. The City responded to this recommendation on August 9, 2016, stating that the City, assuming 2000-2009 home values, “already provides a diversity of housing options and is accessible to households of all income levels...” Therefore, an IHO was “not warranted and is not reasonable.”

The inclusion of Program 2.1.10 in the current 6th Cycle Antioch Housing Element is indicative of current statewide and local housing challenges and new housing priorities. Technical analyses and community outreach performed as part of the Housing Element demonstrate the need for housing-forward policies and the potential value of an IHO.

Income and Affordability in Contra Costa County

IHOs accommodate State-designated levels of housing affordability. California categorizes housing based on how affordable it is to households with different income levels, which are the same as income levels used in the City’s RHNA. The three categories of affordable housing typically accommodated in IHOs are:

- **Very Low-Income (VLI) Housing.** Units affordable to households earning 0-50% of the Area Median Income (AMI).
- **Low-Income (LI) Housing.** Units affordable to households earning 51-80% of AMI.
- **Moderate Income (MI) Housing.** Units affordable to households earning 80-120% of AMI.

The State also recognizes Above-Moderate Income Housing, which are units affordable to households earning more than 120% of Area Median Income (AMI). However, this affordability level is not provided for in IHOs but is included in RHNA’s.

The AMI in Contra Costa County is \$159,800. The following table shows incomes of households of various sizes, within each affordable income level. These figures were released by the California Department of Housing and Community Development, effective April 25, 2025. The figures are updated annually for each county.

Median Family Income in Contra Costa County: \$159,800			
Household Size	Very Low Income: 50% AMI	Low Income: 80% AMI	Moderate Income: 120% AMI
1	\$55,950	\$87,550	\$134,250
2	\$63,950	\$100,050	\$153,400
3	\$71,950	\$112,550	\$172,600
4	\$79,900	\$125,050	\$191,750
5	\$86,300	\$135,100	\$207,100
6	\$92,700	\$145,100	\$222,450
7	\$99,100	\$155,100	\$237,750
8	\$105,500	\$165,100	\$253,100

The following table includes maximum rents by bedroom size affordable to households of each income category, in Contra Costa County. The figures are effective April 23, 2025.

Contra Costa County Rent Maximums, April 23, 2025			
Bedroom Count	Very Low Income: 50% AMI	Low Income: 80% AMI	Fair Market Rent
Studio	\$1,398	\$1,678	\$2,796
1	\$1,598	\$1,918	\$3,196
2	\$1,798	\$2,157	\$3,595
3	\$1,998	\$2,397	\$3,995
4	\$2,158	\$2,589	\$4,315
5	\$2,317	\$2,780	\$4,634

INCLUSIONARY HOUSING PROCESS IN ANTIOCH

The State of California requires each jurisdiction to update its General Plan Housing Element on a regular cycle. The primary function of the Housing Element is to establish a State-certified land use and policy plan to accommodate the jurisdiction’s Regional Housing Needs Allocation (RHNA). RHNA is mandated by California law and requires local jurisdictions to plan for their ‘fair share’ of housing units for all four affordability levels, as mentioned above.

The City of Antioch’s 6th Cycle (2023-2031) Housing Element was certified by HCD on October 12, 2023. It responds to the following Antioch RHNA allocation for affordable housing units:

- Very Low-Income: 792 units
- Low-Income: 456 units
- Moderate Income: 493 units
- Above Moderate Income: 1,275 units

The Antioch Housing Element includes multiple programs to fulfill the City’s RHNA. One of these is Program 2.1.10:

2.1.10. Inclusionary Housing. *Initiate a feasibility study for an inclusionary housing ordinance for City Council consideration. The ordinance would generally require that the development of new market-rate housing units include a percentage of units that are affordable at specific income levels or that in-lieu payment be made. The revenue generated from in-lieu fees would be used to generate funding for the development of affordable housing in the city. Funds collected from in-lieu fees could be used for the following purposes:*

- *New construction of affordable housing.*
- *Acquisition/rehabilitation of housing and addition of affordability covenants.*
- *Permanent supportive housing/transitional and emergency shelters.*
- *Down payment assistance program*

The City entered into an agreement with PlaceWorks, Inc. on May 1, 2024, to prepare the Antioch Inclusionary Housing Ordinance Project (IHO Project), consistent with Program 2.1.10.

Per Program 2.1.10, the IHO Project does not assume that Antioch will adopt an IHO. Rather, all components of an IHO would be studied, and an IHO presented to the Planning Commission and City Council.

ANTIOCH IHO PROJECT COMPONENTS TO DATE

The following components of the IHO Project have been completed and previously reviewed by the Planning Commission and City Council.

Feasibility Study

As noted, jurisdictions are not legally required to study the impacts of inclusionary requirements on the financial feasibility of local housing projects. However, these studies provide evidence that IHOs do not “unduly constrain the production of housing” and will allow property owners to have a “fair and reasonable rate of return.” They can also demonstrate that inclusionary requirements can be increased without constraining housing production.

PlaceWorks completed a Financial Feasibility Analysis (FFA) (Attachment E) for the City of Antioch, dated May 6, 2025. Feasibility impacts were ascertained by comparing the difference between the financial performance of a fully market-rate version of a housing project and one that includes a required number of affordable units, while also receiving any available density bonus under State law. The FFA process is summarized as follows:

1. **Antioch Market Survey.** In July and August of 2024, PlaceWorks used real estate industry software to complete a survey of Antioch housing costs, including single family, multifamily and townhome prices and rents.
2. **Housing Project Prototypes.** PlaceWorks developed five housing project prototypes in coordination with City staff. The prototypes reflect current housing trends, pipeline projects and regulation in Antioch. The FFA includes three for-sale housing prototypes and two for-rent housing prototypes.
3. **Pro Forma Analyses.** PlaceWorks prepared pro forma analyses of the fully market-rate housing prototypes to identify whether, and how, various affordability requirements could be supported by each. The pro formas rely on multi-year cash flow projections to achieve the most accurate evaluation of project feasibility. The pro formas assess the impacts of multiple affordability requirements, including:
 - 15 percent requirements for VLI, LI and MI housing.
 - 10 percent requirements for VLI, LI and MI housing.
 - Five percent requirement for VLI housing.

The FFA relies on the following industry-accepted metrics to determine project feasibility:

- Internal Rate of Return (IRR) is used for the for-sale projects. An IRR of 15 percent is generally considered the minimum threshold of financial feasibility.
- Cash-on-Cash Yield (CoC) is used for the rental projects. A CoC of six percent is generally considered the minimum threshold of financial feasibility.

The following are summary results of the draft FFA. These results may shift slightly with the introduction of new inputs such as updated City of Antioch Community Facilities District (CFD) property tax payments. The FFA conclusions are not expected to change.

FFA Results Summary: For-Sale Prototypes

The following table summarizes the results of the pro forma analysis for the three for-sale development prototypes, which include:

- Prototype 1: Large-lot single family subdivision
- Prototype 2: Small-lot single family subdivision
- Prototype 3: 70-unit townhome development

FINANCIAL FEASIBILITY SUMMARY, FOR-SALE PROTOTYPES

	Prototype 1: Large Lot SFD	Prototype 2 Small Lot SFD	Prototype 3: Townhome Development
Fully Market Rate Scenario			
No Inclusionary Housing	18.3%	21.0%	20.6%
15% Inclusionary Requirements			
15% Very Low-Income	-1.6%	26.5%	15.5%
15% Low-Income	-7.1%	19.9%	12.8%
15% Moderate Income	-14.3%	11.1%	19.9%
10% Inclusionary Requirements			
10% Very Low-Income	-2.6%	24.6%	16.3%
10% Low-Income	-5.3%	21.8%	12.6%
10% Moderate Income	-12.1%	13.4%	19.8%
5% Inclusionary Requirement			
5% Very Low-Income	-1.3%	24.4%	18.2%

As shown in the table, the Fully Market-Rate Scenarios of all three prototypes are financially feasible, assuming an IRR threshold of 15 percent. However, under various inclusionary scenarios, multiple for-sale prototypes saw a significant drop in IRR, such that they would not be financially feasible without additional densities.

- **Prototype 1** would be extremely sensitive to inclusionary requirements. It would not achieve a 15 percent IRR under any of the inclusionary requirement scenarios, even with State density bonus maximized.

- **Prototype 2** would remain financially feasible under most of the inclusionary requirement scenarios. It would not achieve a 15 percent IRR under the 15 percent Moderate Income requirement or 10 percent Moderate Income requirement. This is not surprising, as these scenarios offer the lowest density increases under State density bonus law.
- **Prototype 3** would also remain financially feasible under most inclusionary scenarios. It would not achieve 15 percent IRR under the 15 percent Low-Income requirement and 10 percent Moderate Income requirement.

FFA Result Summary: Rental Prototypes

The following table summarizes the results of the pro forma analysis for the two rental prototypes, which include:

- Prototype 4: Medium/High Density Multifamily Apartments
- Prototype 5: High Density Multifamily Apartments

FINANCIAL FEASIBILITY SUMMARY, RENTAL PROTOTYPES

	Prototype 4: Medium/High Density Multifamily	Prototype 5: High Density Multifamily
Fully Market Rate Scenario		
No Inclusionary Housing	6.1%	6.6%
15% Inclusionary Requirements		
15% Very Low-Income	6.2%	6.3%
15% Low-Income	4.9%	6.4%
15% Moderate Income	5.2%	6.8%
10% Inclusionary Requirements		
10% Very Low-Income	6.1%	6.3%
10% Low-Income	4.8%	6.4%
10% Moderate Income	5.0%	6.6%
5% Inclusionary Requirement		
5% Very Low-Income	6.1%	6.3%

As shown in the table, the Fully Market-Rate Scenarios of both prototypes are financially feasible, assuming a CoC threshold of six percent. However, the financial impacts of the inclusionary requirements differ between the two prototypes:

- **Prototype 4** would maintain feasibility only under requirements for Very Low-Income units. This is primarily because construction of VLI units allows for the greatest density increase under State Density Bonus law.
- **Prototype 5** would maintain feasibility under all seven inclusionary scenarios.

It should be noted that the density increases required to make rental projects feasible would also require additional building heights and potential parking regulation exemptions, both of which are potential challenges to project development.

The full FFA includes detailed analyses of density, physical form, costs, revenues, and feasibility of each prototype.

Project Outreach

In addition to technical analysis, input from residents, stakeholders and developers was collected to inform the IHO. The IHO project includes the following outreach efforts, each dated separately:

- **Community Survey.** The IHO Project team released an online survey on October 15, 2024, to assess community awareness and support of inclusionary housing. Over 50 community members responded to the survey. The following trends emerged:
 - **Need for ongoing education and outreach.** Over 60% of responders were either “Unfamiliar” or “Somewhat familiar” with IHOs.
 - **General support for inclusionary housing.** Over 80% of responders either “Fully” or “Somewhat” supported an IHO in Antioch.
 - **Need for diverse housing.** Over 60% of responders felt an IHO should apply to both rental and for-sale development, citywide.
 - **Mixed opinion regarding alternatives.** The survey lists a series of potential alternative compliance options and asked responders to rate their value. No clear trends in local support for IHO alternatives have emerged.
 - **Focus on in-lieu fees.** In-lieu fees were a topic of community concern. Many responders provided specific feedback regarding the benefits, liabilities, calculation, management and allocation of said fees.

- **Developer Focus Group.** The IHO Project team conducted a virtual Focus Group with local housing developers on December 5, 2024. Attendees were shown the results of preliminary feasibility analyses for a 15 percent inclusionary requirement. A guided discussion was conducted. Key feedback from developers included:
 - **Concern over reliance on density bonus.** Developers stressed that maintaining feasibility under inclusionary regulation is often based on maximizing State density bonus provisions. However, the costs associated with constructing denser, taller projects may outweigh financial returns. Developers described Antioch as a “secondary market” that cannot support multifamily projects over three stories tall, which could limit additional density.
 - **Necessity of in-lieu fees.** Developers stated that if the City were to adopt an IHO, it should include the option to pay in-lieu fees. Participants stressed that real estate is unpredictable, and that these fees offer “stability and clarity” in the IHO process. Because of this certainty, most developers will likely choose the in-lieu fee option.

- **Value of in-lieu fees.** Developers stated that in-lieu fees should be transferred to affordable housing developers who specialize in maximizing funds and partnerships for affordable housing projects. Developers stressed that partnering with affordable housing developers in mixed-income developments often provides the greatest number of affordable units at the lowest income levels.
- **Barriers to for-sale affordable housing.** Developers stressed that the difficulty of qualifying for home loans may impede the function of an IHO. Per participants, lower income households in Contra Costa typically face severe economic barriers to mortgage qualification, including an adequate down payment. As such, requiring the construction of for-sale units for very low-income or low-income households may be an unproductive path toward privately subsidized affordable housing.
- **Community Workshop.** Staff and PlaceWorks conducted a bilingual, interactive virtual Community Workshop on February 4, 2025. Participants were introduced to the IHO project and responded to a series of Zoom-based polls regarding various IHO topics. The polls included the following questions:
 1. *What household affordability levels do you want to see accommodated in Antioch?*
 - 64% of responders selected Very Low-Income households as the most needed.
 2. *What bedroom counts are most needed in affordable units in Antioch?*
 - 67% of responders selected 2-3 bedroom units.
 3. *What type of affordable housing units does Antioch need?*
 - “For-rent apartments” was identified as the most needed housing type, and “for-sale single family homes” was identified as the least needed.
 4. *Should the default requirement in Antioch's IHO be “constructing affordable units with the option to pay a fee,” or “paying a fee with the option to construct affordable units?”*
 - 67% of responders selected “constructing affordable units with the option to pay a fee.”
 5. *Select areas of Antioch where new affordable housing will provide extra benefit to future residents.*
 - The two answers that received the most selections were “In and near downtown” and “Around the BART Station.”
 6. *What are the most important aspects of affordable units created by the IHO?*

- The two answers that received the most selections were “They are evenly distributed across the development site” and “Their exterior design and construction quality matches the market rate units.”
- 7. *Participants were asked whether 1) They support adopting an IHO and to identify issues the City Council should consider to ensure the IHO is effective, or 2) They do not support adopting an IHO and to identify alternative approaches to increasing affordable housing.*
 - 78 percent of participants stated they support adopting an IHO. Comments included:
 - The need to place upper limits on IHO requirements.
 - The value of collaborating with developers on a 15% IHO requirement near transit.
 - Lack of support for in-lieu fees, which require significant staff resources to administer.
 - 22 percent of participants stated they do support adopting an IHO. Comments included:
 - The City should purchase land for 100% affordable housing. This is the only way to build the minimum of more than 1 new affordable home for every market rate home.
 - Antioch is already largely affordable; the City should focus on fully staffing the police force and bringing anchor businesses to downtown and the shopping mall.
 - IHOs benefit only a few who can secure the units, while driving up costs for everyone else. Antioch should look for alternative sources of funding that do not drive up housing costs.
- **IHO Staffing Plan.** PlaceWorks completed an IHO Staffing Plan on April 20, 2025 as part of its agreement with the City (https://antioch-iho.com/wp-content/uploads/2026/01/DRAFT_Antioch_IHO_Staffing_4.20.25-002.pdf). To understand the staff resources required to administer and manage an IHO, PlaceWorks released an online survey for staff of local jurisdictions that participate in IHO administration. Staff from Concord, Contra Costa County, Richmond, Pittsburg and El Cerrito participated. The following is a summary of feedback:
 - 75% of responders answered that 1-3 staff members work on IHO administration at any given time. 25% answered 4-6 staff members.
 - 75% of responders answered that IHO-related work “fluctuates,” making long-term staff planning difficult.
 - Nearly all responders indicated that staff from the Planning/Building department and the local Housing Authority work on IHO administration. It should be noted that Antioch does not have a Housing Authority.
 - Responders estimated the number of staff hours dedicated to IHO administration each week to be 4-8 hours.
 - Responders identified the following skills as required for IHO implementation:

- Resale restrictions oversight & compliance.
- Preparation of the deed restriction Agreement along with other legal document templates.
- Calculation of the maximum sales prices.
- Ongoing monitoring and property tracking.
- Staffing over the period of affordability because deed restrictions can be 55 years and that is a long-term staff commitment.
- The initial sale of homeownership units, especially through a lottery process.

Study Sessions

- **Planning Commission Study Session – April 16, 2025.** Staff and PlaceWorks conducted an IHO Study Session with the Antioch Planning Commission on April 16, 2025. PlaceWorks made a background presentation and solicited Planning Commission feedback using a series of prepared questions.
 - Public comment. Four members of the public spoke at the Study Session. Three commenters representing the East Bay Housing Organizations (EBHO), Hope Solutions, and Contra Costa County Multi-Faith ACTION Coalition, spoke in support of the potential IHO. One public speaker representing North Cal Carpenters Local Union 152 asked if the IHO would include labor standards.
- **City Council Study Session – May 27, 2025.** Staff and PlaceWorks conducted an IHO Study Session with the Antioch City Council on May 27, 2025. PlaceWorks made a background presentation and solicited City Council feedback using a series of prepared questions.
 - Public comment. Three members of the public spoke at the Study Session, all in support of an IHO.
- **City Council Study Session - August 26, 2025.** Staff conducted a second IHO Study Session with the Antioch City Council on August 26, 2025 and solicited City Council feedback.
 - Public Comment. Twelve members of the public spoke. Nine commenters represented a coalition of housing advocates and supported the project. One speaker spoke on potential legal challengers to IHOs. One speaker encouraged more discussion on the matter. A final speaker spoke in support of the IHO an in opposition to in-lieu fees.
- **City Council Study Session - September 16, 2025.** Staff conducted a third IHO Study Session with the Antioch City Council on September 16, 2025 and solicited City Council feedback. The feedback that staff received was incorporated into the IHO presented tonight.
 - Public Comment. One speaker representing a coalition of housing advocates spoke in support of the IHO.

ANTIOCH IHO PROJECT COMPONENTS

In-Lieu Fee Analysis

Staff and PlaceWorks completed an In-Lieu Fee Analysis and Recommendation (Attachment F) to determine the amount of the fee that developers would need to pay in-lieu of constructing each required affordable unit onsite. For reference, the in-lieu fees charged by other Contra Costa jurisdictions is included in Attachment G.

Multiple approaches are commonly used to determine IHO in-lieu fees. Antioch used the “Affordability Housing Financing Gap” approach. This approach involves identifying the difference between the total cost of developing a single affordable unit in Antioch and the sum of the two types of permanent financing that affordable housing developers reliably access. The in-lieu fee is intended to cover this gap.

The two permanent financing sources are:

1. **Low-Income Housing Tax Credits (LIHTC).** These are tax credits that the federal government annually provides to states to distribute to affordable housing development projects.

2. **Bank financing.** Affordable housing projects rely on conventional bank financing for permanent funding, as market rate developers do.

- **Data Sources.** The in-lieu fee analysis relies on two primary data sources:

1. **Affordable housing projects from the California State Treasurer, California Tax Credit Allocation Committee.** The analysis uses detailed project and cost data from five recent affordable housing projects throughout Contra Costa County that were awarded LIHTC from the State of California.
2. **Affordable Housing Developers.** PlaceWorks shared initial estimates of the cost of developing an affordable housing unit in Antioch and the IHO in-lieu fee with local affordable housing developers, including Eden Housing and Cypress Equity. The final analyses and in-lieu fee recommendation reflect developer input.

- **Contra Costa County Affordability Gap**

The analysis first identified the affordable housing financing gap for Contra Costa County as a whole. The analysis used data from five recent affordable housing projects throughout Contra Costa County that were awarded LIHTC from the State.

As shown in the table below, the cost of constructing a single affordable unit in Contra Costa County is approximately \$882,000, while total tax credits and bank financing available to the projects was shown to be \$476,000. As such, the financing gap per unit is about \$406,000, or 46.02% of the average cost per unit.

Construction Cost per Unit	\$882,000
Less Bank Financing	-\$134,400
Less Federal 4% Tax Credit Equity	-\$342,000
Financing Gap per Unit	\$406,000
- Percentage of Average Cost per Unit	46.02%

Source: PlaceWorks 2025, using cost and funding data from the CA Tax Credit Allocation Committee.

Antioch Affordability Gap and In-lieu Fee

The table below summarizes estimated costs for a conceptual affordability housing development in Antioch. The table reflects input from local developers, who stressed that current soft costs, including design and entitlement, are equal to 25-30% of hard costs, including construction costs and site work, a significant increase from PlaceWorks' initial estimates.

As shown in the table, the current average development cost of a single affordable unit in Antioch is \$440,000.

Land Acquisition Cost	\$2,130,000
Hard Costs	
Site Work	\$3,570,000
Construction	17,840,000
Hard Cost Subtotal	\$21,400,000
Soft Costs	
Design, entitlement, and other soft costs @25.0%	\$5,350,000
Contingency @10.0%	\$2,140,000
Impact Fees	\$1,639,000
Soft costs subtotal	\$9,130,000
Development cost (before financing)	\$32,700,000
Financing cost	\$3,410,000
Total development cost	\$36,100,000
- per affordable housing unit	\$440,000

Source: PlaceWorks, 2025.

Next, the affordable housing financing gap, defined above as 46.02% of development cost for recent projects, was applied to the estimated cost for new affordable housing construction in Antioch. With an estimated development cost of \$440,000 per affordable dwelling unit and an expected financing gap of 46.02%, the City would need to collect \$202,500 through an in-lieu fee for each affordable inclusionary unit that a market rate developer opts to forego building onsite.

As such, the current recommended IHO in-lieu fee is \$202,500 per unit.

On July 1 of each calendar year, the amount of the in-lieu fee is recommended to be increased based on the increase in the United States Bureau of Labor Statistics' Consumer Price Index (CPI) and to be incorporated into the City's Master Fee Schedule.

The establishment of the in-lieu fee is included in the resolution in Attachment C.

Inclusionary Housing Ordinance

The proposed City of Antioch Inclusionary Housing Ordinance (Attachment A) has been completed by City staff. The ordinance is composed of the following basic regulations:

- **Applicable Geography.** The proposed IHO requirements apply to Residential Development Projects citywide.
- **Affordability Term.** The proposed IHO requires all BMR units to be affordable in perpetuity.
- **Threshold Project Size.** The proposed IHO requirements apply to all Residential Development Projects consisting of 5 or more units. Note: This number is tied to the processes in State Subdivision Map Act for Tentative Parcel Maps (four lots or less) and Tentative Subdivision Maps (5 or more lots) for ease of administration.
- **Income and Affordability Requirements.** As proposed, 15 percent of all new Residential Development Projects shall be affordable to VLI and LI incomes. Specifically:
 - Ten percent of the BMR units shall be affordable to VLI households.
 - Five percent of the BMR units shall be affordable to LI households.
 - The first BMR unit shall be affordable to VLI households, the second unit shall be affordable to LI households, and so forth for all the BMR units in the project.
- **In-Lieu Fee Regulation.** The proposed IHO includes the option to pay a per-unit fee as an alternative to constructing on-site inclusionary units. The recommended fee is \$202,500 per unit, due at the issuance of building permits. The fee is proposed to be updated annually.
 - As an option, the City could add an additional percentage factor to the proposed fee to work as a disincentive, thereby making on-site development more financially feasible.
- **Alternative Compliance Options.** The proposed IHO does not include alternatives for complying with inclusionary requirements, other than payment of in-lieu fees.
- **Developer Incentives.** The proposed IHO does not include incentives, such as fee waivers, smaller lot and unit sizes for BMR units, for developers to comply with

requirements. Developers would be able to take advantage of State Density Bonus Law when building on-site affordable projects, including waivers and concessions.

- **Affordable Housing Plan.** The proposed IHO requires applicants to submit an Affordable Housing Plan (AHP) and Inclusionary Housing Agreement (IHA) as part of their development application. These documents must specify calculations used to determine the number of inclusionary units; plans depicting inclusionary unit locations; the process by which households will be reviewed and selected to purchase or rent inclusionary units; the terms of affordability; annual reporting requirements and other components of the required inclusionary housing program.
- **Affordable Unit Standards.** The proposed IHO includes standards to ensure that affordable units are of the same quality as Market Rate Units. Per the IHO, all affordable units shall:
 - Be built in the same proportion as the Market Rate Units.
 - Have an average square footage of at least 90 percent of Market Rate Units with the same bedroom count.
 - Be developed with the same bedroom count ratio as the Market Rate Units.
 - Have the same quality of exterior design and overall quality of construction as the Market Rate Units.
 - Have the same quality and type of interior finishes and features as the Market Rate Units.
 - Meet all site, design, and construction standards included in Title 8 (Building Regulations) and Title 9 (Planning and Zoning) of the Antioch Municipal Code.

Inclusionary Housing Trust Fund (IHTF)

The City's adopted and State certified 6th Cycle Housing Element (2023-2031) of the General Plan contains provisions to meet the existing and projected housing needs of all economic segments of the City. Specifically, it contains strategies and implementation programs that focus on:

- Maintaining and Preserving an Affordable Stock
- Expanding Affordable Housing Ownership
- Reducing Household energy Costs to Increase Housing Affordability
- Infrastructure to Support Housing for Extremely Low, Very Low, Low and Large Households
- Supporting Non-Profit Housing Sponsors
- ADU/JADU loans/Promoting ADU's as Affordable Housing
- Senior Housing
- Incentives for Special Needs Housing

- Rental Assistance
- Housing and Services for those with Disabilities
- Incentivizing Accessible Units
- Home Repairs
- Economic Development in Environmental Justice (EJ) Neighborhoods

Specific Policies within the Housing Element encourage the funding of affordable housing projects/programs through regulatory incentives, concessions and available financial assistance. Further, the Element also provides policies that encourage fee waivers and collaborative partnerships in order to provide greater access to available housing funds.

The establishment and creation of a IHTF will further the goals of the Housing Element/General Plan. A IHTF is a dedicated fund for the purpose of promoting housing for low and moderate household incomes. The in-lieu fees that are collected from the IHO will be deposited into the IHTF.

In addition to establishing and creating the IHTF, “Administrative Guidelines” are established by the attached City Council resolution (Attachment B) that describe projects eligible for consideration of funding under the IHTF, which are described below:

- Creation of new affordable units;
- Preservation of existing affordable housing;
- Assistance with multi-family rehabilitation programs;
- Conversion of market rate units to affordable housing units
- Support of the construction of accessory dwelling units;
- Acquisition and rehabilitation of potential limited equity housing co-operatives;
- First time homebuyer loans or other forms of assistance;
- Predevelopment loans/grants to assist non-profit and for-profit developers with project feasibility studies, site acquisition and preliminary design studies for potential affordable housing projects;
- Administrative costs for affordable housing programs and projects;
- Program development, research or community engagement efforts focusing on housing matters;
- Purchase of land for the development of affordable housing projects; and
- Rent, mortgage and utility payment assistance to Very Low-, Low-, and Moderate-income families during the time of a declared emergency by the City Manager.

The above-mentioned list of projects eligible for consideration of funding under the IHTF is a baseline list that can be amended over time at the discretion of the City Council by future resolution.

Compliance Monitoring Fees

As detailed in the IHO Staffing Plan section of the staff report, above, ongoing annual monitoring the affordable units involves staff time. Included in the resolution (Attachment C) amending the Master Fee Schedule is a compliance monitoring fee for both annual rental inspections (\$50 per unit annually) and an ownership change fee for a change of

ownership of a for-sale unit (\$500 per change of ownership). The recommended fee amounts are based on staff time estimates and the cost of other cities' fees. On July 1 of each calendar year, the amount of the in-lieu fee is recommended to be increased based on the increase in the United States Bureau of Labor Statistics' CPI.

PLANNING COMMISSION PUBLIC HEARING

On February 4, 2026, the Planning Commission held a public hearing regarding the proposed IHO. At the meeting, PlaceWorks provided a background presentation on the IHO and contents of the ordinance and the related IHTF and possible in-lieu fee. Draft meeting minutes are included as Attachment I.

Public Comment. One member of the public opposed the IHO with six members of the public representing coalitions of housing advocates spoke in favor.

The Planning Commission voted 4-0, with two members absent, recommending that the City Council adopt the IHO. The Planning Commission also provided recommendations and requested that the City Attorney review them prior to the City Council reviewing the IHO. The Planning Commission recommended:

- That the housing units created with the IHTF shall be prioritized for residents of Antioch;
- That the IHO and IHTF gives preference to local unions;
- That the IHTF document shall be reviewed in detail to ensure that the Administrative Guidelines ensure funds are prioritized for housing development projects;
- That the IHTF shall prioritize "extremely" low-income households (ELI);
- That a review of the IHO and IHTF be conducted during the first quarter of the first year and every two years thereafter.
- The review process shall include a review of the percentage of projects utilizing the in-lieu fee in order to determine if the in-lieu fee shall be increased if a significant percentage of developers choose the in-lieu fee option.

Review of the Planning Commission's Recommendations

The City Attorney's Office reviewed the recommendations and determined that firstly, the City cannot implement a policy giving priority to Antioch residents over non-residents for housing assistance funded by inclusionary in-lieu fees, and secondly, the City cannot require private developers to prioritize local union labor over non-union contractors for construction work on inclusionary housing projects.

1) Priority to Antioch residents

To the question of prioritizing Antioch residents for housing assistance, the City of Antioch generally cannot lawfully adopt a broad resident-priority rule for assistance funded by inclusionary in-lieu fees, particularly for homebuyer subsidies. California law strongly protects statewide housing objectives and fair housing principles, and such a preference would likely conflict with those goals.

Government Code § 65583 requires each city's Housing Element to include programs that affirmatively further fair housing (AFFH). The Court of Appeal in *Martinez v. City of Clovis* (2023) 90 Cal.App.5th 193, 236–237, confirmed that local actions creating a disparate impact on lower-income housing violate this enforceable duty. A rule giving priority to Antioch residents would limit regional access to assistance, undermining the Regional Housing Needs Allocation (RHNA) process outlined in § 65584 and conflicting with the broader state objective of addressing housing shortages across jurisdictions.

Government Code § 7061 (the Local Tenant Preferences to Prevent Displacement Act, enacted through SB 649) permits limited local preferences, its scope is narrow. It applies only to tenants in affordable rental housing financed through low-income housing tax credits (LIHTCs) or tax-exempt bonds, with the specific goal of preventing displacement in gentrifying areas. The statute provides no authority for preferences in for-sale (ownership) units or homebuyer subsidy programs, and any preference must still comply with AFFH obligations under § 8899.50 et seq. and other fair housing laws.

As a result, preferences in inclusionary housing programs are typically restricted to rental units to remain consistent with § 7061. There is no broad legal authority for resident preferences in for-sale units, because state policy prioritizes regional access over local favoritism. While a small number of jurisdictions have adopted community preferences for both rental and ownership units—often justified by anti-displacement or community stability goals—such measures are uncommon, must be narrowly tailored, and carry substantial legal risk of violating fair housing laws or preemption principles.

2) Union Labor

To the second question regarding union labor, the City of Antioch cannot lawfully require private developers to give priority to union labor over non-union contractors on inclusionary housing projects.

Such a requirement would first be preempted by federal law under the National Labor Relations Act (NLRA), which governs private-sector labor relations and occupies the field to the exclusion of most local regulation.

Beyond federal preemption, the requirement would impose a governmental constraint on housing development in violation of the Housing Element Law. Government Code § 65583 directs cities to identify and remove constraints—including locally adopted ordinances—that increase the cost or reduce the supply of residential development, particularly for lower-income households. Mandating union labor would limit competition among contractors, raise construction costs, and potentially deter private developers from pursuing inclusionary projects, directly frustrating the city's ability to meet its regional housing needs.

The mandate would also undermine the city's duty to affirmatively further fair housing under Government Code § 65583(c)(5), which requires cities to promote housing opportunities without discrimination and to advance fair housing for all persons. By increasing costs and constraining production, a union-labor preference could disproportionately affect lower-income households who depend on inclusionary units, creating a disparate impact that violates AFFH obligations.

Finally, the requirement may constitute an improper exercise of zoning authority. Cities derive their zoning power from the police power under Article XI, Section 7 of the California Constitution, but Government Code § 65008 prohibits discriminatory application of that power. Favoring union contractors over non-union ones lacks a reasonable relationship to legitimate land-use objectives and could be challenged as an unjustified restriction that impedes housing production without adequate justification.

Based on the above information, staff has determined not to recommend that the City Council include the two above recommendations. With respect to other four recommendations, staff provides the following:

1. That the IHTF document shall be reviewed in detail to ensure that the Administrative Guidelines ensure funds are prioritized for housing development projects;
Staff response: The Administrative Guidelines provide options for the City Council to determine how funds are spent from the account and allows funds to be spent strategically on a variety of needs.
2. That the IHTF shall prioritize "extremely" low-income households (ELI);
Staff response: This household income level is not included within the RHNA and is incorporated/included within the VLI range.
3. That a review of the IHO and IHTF be conducted during the first quarter of the first year and every two years thereafter.
Staff response: The City Council could include this recommendation in the draft ordinance and Administrative Guidelines which will provide direction to staff.
4. The review process shall include a review of the percentage of projects utilizing the in-lieu fee in order to determine if the in-lieu fee shall be increased if a significant percentage of developers choose the in-lieu fee option.
Staff response: The City Council could require this review to be conducted in the first annual review of the ordinance and Administrative Guidelines as referenced above.

ENVIRONMENTAL REVIEW

Staff has determined that the proposed IHO is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3) because the ordinance will impose a regulatory requirement and not affect the environment. The proposed IHO and in-lieu fee will not allow for or encourage new development or otherwise allow for or promote physical change in the environment. Residential development projects that include inclusionary

housing will be reviewed pursuant to CEQA on a case-by-case basis upon application to the City. This determination reflects the City's independent judgment and analysis.

ATTACHMENTS

- A. Inclusionary Housing Ordinance
- B. Resolution Establishing an Inclusionary Housing Trust Fund
- C. Resolution Modifying the Master Fee Schedule
- D. Summary of Existing IHOs in Contra Costa County
- E. Inclusionary Housing Ordinance Financial Feasibility Analysis
- F. In-Lieu Fee Analysis and Recommendation Memo
- G. In-Lieu Fees in Contra Costa County
- H. Public Comments Received for the February 4, 2026, Planning Commission Meeting
- I. Draft Meeting Minutes from February 4, 2026, Planning Commission Meeting

ATTACHMENT "A"

ORDINANCE NO. XXXX-C-S

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANTIOCH ADDING TITLE 9, CHAPTER 5, ARTICLE 43 TO THE ANTIOCH MUNICIPAL CODE, INCLUSIONARY HOUSING

WHEREAS, the Legislature of the State of California has found that the availability of housing is of vital statewide importance. The Legislature has further found that local governments have a responsibility to use the powers vested in them to make adequate provisions for the housing needs of all economic segments of the community;

WHEREAS, the Legislature requires that City encourage the development of a variety of types of housing for all income levels to help meet the City's assigned share of the regional housing need;

WHEREAS, inclusionary housing ordinances typically require the development or payment of in-lieu fees for affordable housing;

WHEREAS, the City of Antioch's Housing Element Program 2.1.10 requires the City to initiate a feasibility study for an inclusionary housing ordinance for City Council consideration;

WHEREAS, the City of Antioch completed a feasibility study for an inclusionary housing ordinance and the City Council directed that an ordinance be prepared;

WHEREAS, Title 9, Chapter 5, Article 43 of the Antioch Municipal Code will require that the development of new market-rate housing units include a percentage of units that are affordable to very low- and low-income households and be built on-site or that an in-lieu payment be made, as required by Program 2.1.10;

WHEREAS, on February 4, 2026, the Planning Commission held a duly noticed public hearing to consider the proposed Ordinance related to affordable housing, received the staff report and staff presentation, received comments from the public and interested parties, and discussed the matter. Following the public hearing, the Planning Commission adopted Resolution No. 2026-02 recommending the City Council adopt the proposed Ordinance;

WHEREAS, on March 10, 2026, the City Council held a duly noticed public hearing to consider the proposed Ordinance related to affordable housing, received the staff report and staff presentation, received comments from the public and interested parties, considered the recommendation of the Planning Commission and discussed the matter; and

WHEREAS, all legal prerequisites to the adoption of the Ordinance have occurred.

The City Council of the City of Antioch does ordain as follows:

SECTION 1: Recitals

The recitals above are true and correct and are hereby adopted as findings as if fully set forth herein.

SECTION 2: Findings

The City Council finds that the Ordinance is necessary to further the public necessity, convenience, and general welfare in that this amendment to the Antioch Municipal Code implementing the City’s Housing Element Program 2.1.10, in the furtherment of developing a variety of types of housing for all household income levels.

SECTION 3: City Council Review

The City Council has reviewed, considered, and evaluated all of the information prior to acting upon Ordinance.

SECTION 4: Record of Proceedings

The documents and other materials that constitute the record of proceedings upon which the City Council has based its recommendation are located in and may be obtained from the City of Antioch’s Clerk’s Office, 200 H Street, Antioch, CA 94509

SECTION 5: Amendment

The Antioch Municipal Code is hereby amended as follows:

Title 9, Chapter 5, Article 43: Inclusionary Housing Ordinance

§ 9-5.4301 Citation.

This Article may be known and cited as the "Inclusionary Housing Ordinance" of the City of Antioch. (Ord. xxx, passed xx-xx-xxx)

§ 9-5.4302 Purpose

The purpose of the following Inclusionary Housing requirements are to:

- A. Enhance the public welfare by facilitating the construction of housing affordable to households of Very Low and Low Incomes in all areas of the city.
- B. Ensure that future residential development is consistent with housing policies of the State of California and the City of Antioch.
- C. Ensure that each Residential Development Project complies with the requirements of this Article and is consistent with the city's housing goals of developing affordable housing, creating diverse housing opportunities for existing and future residents, and maintaining economic diversity and geographically dispersed affordable housing.

§ 9-5.4303 Definitions.

- A. *Accessory Dwelling Unit (ADU)* shall have the same meaning as defined under Section 66313 (a) of the Government Code and shall mean an attached or detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling. An ADU also includes an efficiency unit and a manufactured home, provided it is built on a permanent foundation. An ADU may be located within an existing attached or detached garage, shed, barn or other accessory structure.
- B. *Affordable Dwelling Unit* shall mean, for the purposes of this Article, a dwelling unit affordable to households earning at or below 120 percent of the county median income, including units that are affordable to Very Low and Low Income Households.
- C. *Affordable Housing Plan* shall mean a plan on a form provided by the city that shall be submitted by the applicant or developer, containing all the information specified in and in conformance with Section 9-5.4305.F of this Article specifying the manner in which Inclusionary Units will be provided in conformance with this Article.
- D. *Attached Single-Family Dwelling Unit* shall mean a dwelling unit that is designed for occupancy by one household located on a separate lot from any other unit (except an accessory dwelling unit, where permitted), and attached through common vertical walls to one or more dwellings on abutting lots. Two attached single-unit dwellings may be configured as townhouses or row houses.
- E. *Common Ownership and Control* shall mean property owned or controlled by the same person, persons, or entity, or by separate entities in which any shareholder, partner, member, or family member of an investor of the entity owns ten percent or more of the interest in the property.
- F. *Density Bonus* shall mean a density increase over the otherwise maximum allowable density on a site pursuant to California Government Code Section 65915 and Article 35 of the Antioch Zoning Code, or for any other reason.
- G. *Detached Single-Family Dwelling Unit* shall mean a dwelling unit that is designed for occupancy by one household, located on a separate lot from any other dwelling unit (except an accessory dwelling unit, where permitted), and not attached to another dwelling unit on an abutting lot. This classification includes individual manufactured housing units installed on a foundation system pursuant to Cal. Health and Safety Code § 18551.
- H. *For-Sale Residential Development Project* shall mean a Residential Development Project that includes the creation of one or more new dwelling units that may be sold individually. A For-Sale Residential Development Project also includes the

conversion of a residential rental development to a residential ownership development.

- I. *Inclusionary Unit* shall mean a dwelling unit intended for sale or rent that is required by Section 9-5.4304 to be affordable to Very Low or Low Income Households.
- J. *Inclusionary Housing Agreement* shall mean an agreement in conformance with Section 9-5.4305.F of this Article between the city and an applicant, governing how the applicant shall comply with this Article.
- K. *Junior Accessory Development Unit (JADU)* shall have the same meaning as defined under Section 66313 (d) of the Government Code and shall mean a unit that is no more than 500 square feet in size and contained entirely within a single-family residence.
- L. *Low Income Household* shall mean a household whose income does not exceed the low income limits applicable to Contra Costa County as defined in California Health and Safety Code Section 50079.5 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 by the California Department of Housing and Community Development.
- M. *Market Rate Unit* shall mean a new dwelling unit in a Residential Development Project that is not an Affordable Dwelling Unit.
- N. *Multi-Family Unit* shall mean one of three or more residential units contained within a single building or within two or more buildings on a site or lot. Types of multiple-unit dwellings include garden apartments, senior housing developments, multi-story apartment buildings, and condominiums. They may include side-by-side units separated by common vertical walls that are configured as townhouses or row houses.
- O. *Rental Residential Development Project* shall mean a Residential Development Project that creates one or more dwelling units that cannot be lawfully sold individually.
- P. *Residential Development Project* shall mean a development for which a building permit is required for a residential development that includes the creation of one or more new dwelling units, conversion of nonresidential uses to dwelling units, or the conversion of a use from a Rental Residential Development Project to a For-Sale Residential Development Project. Residential Development Projects include projects with a combination of dwelling units and commercial or other non-residential land uses.
- Q. *Unit Type* shall mean the type of dwelling unit, either Attached Single-Family Dwelling Unit, Detached Single-Family Dwelling Unit, or Multi-Family Unit.
- R. *Very Low Income Household* shall mean a household whose income does not exceed the very low income limits applicable to Contra Costa County as defined in

California Health and Safety Code Section 50079.5 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 by the California Department of Housing and Community Development.

- S. *Vesting Tentative Subdivision Map or Vesting Tentative Parcel Map* shall mean a map which confers certain vested rights to proceed with development.

§ 9-5.4304. Effective Date and Inclusionary Housing Requirement Applicability

- A. *Applicability.* All For-Sale and Rental Residential Development Projects that consist of 5 or more units built in the City of Antioch shall comply with the requirements of this Article.

- B. *Exemptions.* The provisions of this Article shall not apply to the following projects:

1. Accessory Dwelling Units and Junior Accessory Dwelling Units.
2. Residential Development Projects on property with vested rights in effect on the effective date of this Article, including:
 - a. Property that is part of a Vesting Tentative Subdivision Map or Vesting Tentative Parcel Map.
 - b. Development that is part of an existing Development Agreement with the city.
 - c. Development applications vested pursuant to preliminary application requirements of Government Code section 65589.5 (o).
3. Residential Development Projects that have submitted a complete planning or building permit application along with the full payment of required application fees to the city prior to the effective date of this ordinance.
4. Residential Development Projects exempted by California Government Code Section 66474.2 or 66498.1, provided that such Residential Development Projects shall comply with any predecessor ordinance, resolution, or policy in effect on the date the application for the development was determined to be complete.
5. Residential Development Projects exempted by another state law or by final judgement of a court of competent jurisdiction.
6. Existing residences that are altered, improved, restored, repaired, expanded, or extended; provided that the number of dwelling units is not increased and the existing floor area of the dwelling unit is not increased by 850 square feet or more. These units will be subject to a fee per square foot for any increase in square footage greater than 850 square feet.

§ 9-5.4305. Inclusionary Housing Requirements

All new Residential Development Projects not exempted per Section 9-5.4304.B shall include Inclusionary Units. Calculations of the number of Inclusionary Units shall be based on the number of dwelling units in the Residential Development Project, without regard to any density bonus units provided pursuant to State Density Bonus provisions. All required Inclusionary Units shall be built on the same site as the Residential Development Project.

- A. *Inclusionary Requirement.* Fifteen percent of all new Residential Development Projects shall be Inclusionary Units. The fifteen percent total shall be achieved using the following affordability requirements:
1. Ten percent of the dwelling units shall be affordable to Very Low Income Households.
 2. Five percent of the dwelling units shall be affordable to Low Income Households.
 3. The first required unit shall be provided at the VLI household category, the second shall be at the LI household category and so forth repeated.
- B. *Fractional Units.* When the application of the percentages specified in Section 9-5.4305.A results in a number that includes a fraction equal to one-half (0.5) or more, the fraction shall be rounded to the next higher whole number. In that event an additional Inclusionary Unit shall be provided. If the result includes a fraction less than one-half (0.5), the fraction shall be rounded down. In that event no additional Inclusionary Unit shall be required.
- C. *State Density Program.* Any Inclusionary Units provided on site in compliance with this Article may be used to qualify for a density bonus under California Government Code Section 65915, or any ordinance implementing Government Code Section 65915.
- D. *Base for Inclusionary Requirement.* The number of Inclusionary Units required for a project shall be based on the total number of dwelling units in the Residential Development Project prior to the addition of units under the State Density Bonus provisions.
- E. *Contiguous Property under Common Ownership and Control.* An applicant for a Residential Development Project shall not avoid the requirements of this Article by submitting piecemeal planning permit applications. At the time of the application for first approval for the Residential Development Project, the applicant shall identify all contiguous property under common ownership and control. The applicant shall not be required to construct dwelling units upon the contiguous property at the time of the application for first approval; however, the applicant shall be required to include the contiguous property under common ownership or control in its Affordable Housing Plan. The Inclusionary Housing Agreement shall be recorded against the Residential Development Project and all contiguous property

under common ownership or control and shall require compliance with this Article upon development of each contiguous property at such time as there are planning permit applications that would authorize a total of five or more dwelling units for the residential development and the contiguous property under common ownership or control.

F. *Affordable Housing Plan and Inclusionary Housing Agreement.*

1. An Affordable Housing Plan shall be submitted as part of the application for first approval of any Residential Development Project whether paying the in-lieu fee in conformance with Section 9-5.4306 of this Article **or** providing inclusionary units on-site. No application for a first approval for a Residential Development Project may be determined to be complete unless an Affordable Housing Plan is submitted and approved by the city in conformance with the provisions of this Article.
2. For each construction phase, the Affordable Housing Plan shall specify:
 - a. The calculations used to determine the number of inclusionary units;
 - b. A floor plan or site plan depicting the location of the inclusionary units;
 - c. The tenure and affordability level for each inclusionary unit;
 - d. The term of affordability;
 - e. A phasing plan for phased developments;
 - f. A description and details of any requested incentives, waivers, or exemptions;
 - g. The process by which eligibility of qualified households will be reviewed and selected to purchase or rent inclusionary units;
 - h. Rental/ownership regulatory provisions;
 - i. An annual reporting schedule and requirements;
 - j. A statement signed by the applicant and property owner, if different, that the Inclusionary Housing Agreement required by this Article shall include a provision that authorizes the city to recover reasonable attorneys' fees, investigation and litigation expenses, and related staff costs associated with enforcing the Inclusionary Housing Agreement; and

- k. Any other information that is reasonably necessary to evaluate the compliance of the Affordable Housing Plan with the requirements of this Article and any regulations adopted to implement this Article.
3. Upon submittal, the Community and Economic Development Director shall determine if the Affordable Housing Plan is complete and conforms to the provisions of this Article. The decision of the Community and Economic Development Director may be appealed to the Planning Commission by filing a written appeal in the manner outlined by the AMC. The appeal shall identify the decision being appealed and shall clearly and concisely state the reasons for the appeal.
4. The Affordable Housing Plan shall be reviewed as part of the first approval of any Residential Development Project. The Affordable Housing Plan shall be approved if it conforms to the provisions of this Article. A condition shall be attached to the first approval of any Residential Development Project to require recordation of the Inclusionary Housing Agreement described in this Article prior to the approval of any Final or Parcel Map or building permit for the Residential Development Project.
5. A request for a minor modification of an approved Affordable Housing Plan may be granted by the Community and Economic Development Director if the modification is substantially in compliance with the original Affordable Housing Plan and conditions of approval. Other modifications to the Affordable Housing Plan shall be processed in the same manner as the original plan.
6. Following the first approval of a Residential Development Project, the city shall prepare an Inclusionary Housing Agreement providing for implementation of the Affordable Housing Plan and consistent with any regulations adopted to implement this Article. Prior to the approval of any Final or Parcel Map or issuance of any building permit for a residential development subject to this Article, the Inclusionary Housing Agreement shall be executed by the city and the applicant and recorded against the entire Residential Development Project property and any other property used for the purposes of providing inclusionary housing pursuant to this Article to ensure that the affordable housing agreement will be enforceable upon any successor in interest. The Inclusionary Housing Agreement shall not be amended without the approval of the City Council and shall also not be amended prior to any necessary amendments to applicable planning permits.

§ 9-5.4306 – Inclusionary Requirement In-Lieu Fees

A developer of an applicable Residential Development Project may pay an in-lieu fee rather than providing Inclusionary Units.

- A. *Purpose.* An in-lieu fee is an option that may serve as an alternative to the provision of on-site inclusionary units.
- B. *Amount.* In-lieu fee amounts in the fee schedule shall be set by resolution of the city council.
- C. *Annual Adjustment.* On July 1 of each calendar year, the amount of the in-lieu fee shall be increased based on the increase year over year in the US Department of Labor, Bureau of Labor Statistics' Consumer Price Index for urban consumers (CPI-U). All items in U.S. city average, all urban consumers, chained, not seasonally adjusted (C-CPI-U), unless changed by resolution of the City Council.
- D. *Timing of Payment.* Payment of in-lieu fees shall be due at the issuance of building permits, unless otherwise required for law, for Residential Development Projects. For Residential Development Projects constructed in phases, in-lieu fees shall be paid prior to issuance of each building permit in the proportion that the phase bears to the overall Rental Residential Development Project.
- E. *Use.* The City shall use in-lieu fees paid under this Article to support affordable housing. In-lieu fees shall be deposited into an Inclusionary Housing Trust Fund.

§ 9-5.4307 - Inclusionary Unit Standards

The following standards shall apply to all Inclusionary Units built to satisfy the requirements of this Article.

- A. *Unit Type and Physical Quality.* The Unit Types of the Inclusionary Units within a Residential Development Project shall:
 - 1. Be built in the same proportion as the Market Rate Unit Types.
 - 2. Have an average square footage of at least 90 percent of Market Rate Units with the same bedroom count.
 - 3. Be developed with the same bedroom count ratio as the Market Rate Units.
 - 4. Have the same quality of exterior design and overall quality of construction as the Market Rate Units.
 - 5. Have the same quality and type of interior finishes and features as the Market Rate Units.
 - 6. Meet all site, design, and construction standards included in Title 8 (Building Regulations) and Title 9 (Planning and Zoning) of the Antioch Municipal Code.
- B. *Attached Single-Family Inclusionary Units.* For-Sale Single-Family Residential Development Projects may include affordable Attached Single-Family Dwelling

Units in a proportion that constitutes more than the proportion of Attached Single-Family Dwelling Units in the overall project.

- C. *Parcel Size.* The parcel size upon which an Inclusionary Unit that is alienable separate from the title to any other Dwelling Unit is located, shall be no less than ninety percent (90%) of the median square footage of the parcels on which market rate units with the same number of bedrooms are located, provided that all lot sizes are consistent with the lot size requirements of Title 9 (Planning and Zoning) of the Antioch Municipal Code.
- D. *Distribution.* The Inclusionary Units shall be integrated into the Market Rate Units so as not to be situated in a single area of a development or located in one building of a development that contains multiple buildings. Without limiting the foregoing, in no event shall an Inclusionary Unit be adjacent to more than one other Inclusionary Unit unless the adjacent Inclusionary Unit is located on a different floor in a multi-floor building.

§ 9-5.4308 – Ongoing Affordability and Occupancy

- A. *Ongoing Affordability of For-Sale Units.* In order to maintain the availability of For-Sale Inclusionary Units constructed pursuant to this Article, the affordable sales prices of for-sale Inclusionary Units shall be restricted in perpetuity, and reset upon resale of the unit(s), as documented through an Inclusionary Housing Agreement, as prescribed in Section 9-5.4305.F, recorded against the property.
- B. *Ongoing Affordability of Rental Units.* In order to maintain the availability of Inclusionary Units constructed pursuant to this Article, rental Inclusionary Units shall remain affordable in perpetuity, as documented through an Inclusionary Housing Agreement, as prescribed in Section 9-5.4305.F, recorded against the property.
- C. *Occupancy.* Any household that occupies an Inclusionary Unit must occupy that unit as its principal residence at all times, unless the Community and Economic Development Director approves rental to a third party for a limited period of time due to household hardship.
- D. *Affordability Agreement Documentation.* The developer shall be required to execute standard documents, in a form approved by the city attorney, to ensure the continued affordability of the Inclusionary Units approved for each Residential Development Project. The documents may include, but are not limited to, Inclusionary Housing agreements, regulatory agreements, promissory notes, deeds of trust, resale restrictions, rights of first refusal, options to purchase, and/or other documents. The affordability documents shall be recorded against the Residential Development Project, all Inclusionary Units, and any site subject to the provisions of this Article.

§ 9-5.4309 – Implementation and Enforcement

- A. *Establishment of Administration Fees by Resolution.* The city council, by resolution, may establish fees for the ongoing administration and monitoring of the affordable units, which fees may be updated periodically, as required. The administration and monitoring fees shall be included in the Inclusionary Housing Agreement for both rental and for-sale units.
- B. *Enforcement.* The city attorney is authorized to enforce the provisions of this Article and all Inclusionary Housing Agreements, regulatory agreements, covenants, resale restrictions, promissory notes, deeds of trust and other requirements placed on Inclusionary Units by civil action and any other method permitted by law. The city may take such enforcement action as is authorized under this code and/or any other action authorized by law or by any regulatory document, restriction, or agreement executed under this Article.
- C. *Project Approval Restrictions.* No permit, license, map, or other approval or entitlement for a Residential Development Project shall be issued, including without limitation a final inspection or certificate of occupancy, until all applicable requirements of this Article have been satisfied.
- D. *Annual Monitoring.* Affordable housing homeowners will receive an annual monitoring notice from the city to confirm the owner occupancy requirement and prohibitions against rental of the dwelling. The review will provide owners with an opportunity to become familiar with the guidelines of the Inclusionary Housing requirements and any changes in adopted policies and procedures. For affordable rental units, an annual monitoring notice from the city will be sent to all management agencies and/or property owners to confirm residents are eligible to live in and occupy affordable units.

SECTION 6: CEQA

The City Council finds that adoption of this Ordinance is exempt from the California Environmental Quality Act (Pub. Resources Code §21008 et seq.) (CEQA) and the State CEQA Guidelines (Cal. Code Regs., Title 14, §15000 et seq.) pursuant to CEQA Guidelines 15061(b)(3) – General Rule.

SECTION 7: Severability

Should any provision of this Ordinance, or its application to any person or circumstance, be determined by a court of competent jurisdiction to be unlawful, unreasonable, or otherwise void, that determination shall have no effect on any other provision of this Ordinance or the application of this Ordinance to any other person or circumstance and, to that end, the provisions hereof are severable.

SECTION 8: Publication; Effective Date

This Ordinance shall take effect and be enforced within thirty (30) days from and after the date of its adoption by the City Council at a second reading and shall be posted and published in accordance with the California Government Code.

* * * * *

I HEREBY CERTIFY that the foregoing ordinance was introduced at a regular meeting of the City Council of the City of Antioch, held on the 10th day of March 2026, and passed and adopted at a regular meeting thereof, held on the ___ day of ___ 2026, by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ROWLAND BERNAL JR.
MAYOR OF THE CITY OF ANTIOCH

ATTEST:

MICHAEL J. MANDY
CITY CLERK OF THE CITY OF ANTIOCH

ATTACHMENT "B"

RESOLUTION NO. 2026/xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH ESTABLISHING THE CITY'S INCLUSIONARY HOUSING TRUST FUND AND ADMINISTRATIVE GUIDELINES

WHEREAS, the Legislature of the State of California has found that the availability of housing is of vital statewide importance. The Legislature has further found that local governments have a responsibility to use the powers vested in them to make adequate provisions for the housing needs of all economic segments of the community;

WHEREAS, the Legislature requires that City encourage the development of a variety of types of housing for all income levels to help meet the City's assigned share of the regional housing need;

WHEREAS, inclusionary housing ordinances typically require the development or payment of in-lieu fees for affordable housing;

WHEREAS, on March 10, 2026 the City Council introduced an ordinance adding Title 9, Chapter 5, Article 43 to the Antioch Municipal Code, Inclusionary Housing;

WHEREAS, the ordinance includes the provision for housing developers to pay an in-lieu fee;

WHEREAS, the City currently lacks an Inclusionary Housing Trust Fund to deposit in-lieu fees collected;

WHEREAS, the City Council is establishing an Inclusionary Housing Trust Fund as a source of revenue to assist in the development of housing to meet the housing needs of the City's Very Low, Low and Moderate Income Households;

WHEREAS, the Inclusionary Housing Trust Fund is to be funded by impact fees on non-residential development, in-lieu fees, and other sources;

WHEREAS, it is further the intent of the City Council to utilize the Inclusionary Housing Trust Fund to foster a mix of household incomes in residential projects assisted by the Inclusionary Housing Trust Fund and to disperse affordable housing projects throughout the City to achieve a balance of housing in all neighborhoods and communities.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Antioch, hereby:

1. Establishes the Inclusionary Housing Trust Fund.
2. Adopts the Administrative Guidelines of the Inclusionary Housing Trust Fund as shown in Exhibit A.

RESOLUTION NO. 2026/***

March 10, 2026

Page 2

3. The City Manager or designee is authorized to expend funds from the Inclusionary Housing Trust Fund after first creating administrative procedures to accept and review applications and that first payments from the Inclusionary Housing Trust Fund be made no sooner than May 1, 2026.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 10th day of March 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MICHAEL J. MANDY
CITY CLERK OF THE CITY OF ANTIOCH

CITY OF ANTIOCH
INCLUSIONARY HOUSING TRUST FUND



Administrative Guidelines

Adopted by the Antioch City Council on March 10, 2026 via Resolution 2026/**

City of Antioch

Inclusionary Housing Trust Fund

Chapter 1: Statement of Purpose

The purpose of the City of Antioch Inclusionary Housing Trust Fund, (hereinafter referred to as the IHTF), is to assist in the creation and preservation of affordable housing in the City of Antioch for the benefit of extremely low, very low, low and moderate-income households.

Chapter 2: Definitions

1. "Area median income" or "AMI" is established for metropolitan areas or non-metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), pursuant to 42 U. S. C. Chapter 1437 et seq., to establish local income classification levels. These classifications are also used in California housing law with respect to income eligibility limits.
2. "Affordable Housing" for purposes of these Guidelines shall mean rental housing that is affordable to low and/or very-low income households and for sale housing that is affordable to moderate, low and/or very-low income households.
3. "Extremely low income household" shall mean a household having an income not exceeding thirty (30) percent of AMI adjusted for household size.
4. "Very low income household" shall mean a household having an income not exceeding fifty (50) percent of AMI adjusted for household size.
5. "Low income household" shall mean a household having an income not exceeding eighty (80) percent of the AMI adjusted for household size.
6. "Moderate income household" shall mean a household having an income not exceeding one hundred twenty (120) percent of the AMI adjusted for household size.
7. "Impact Fees" are fees paid by market rate developers for either residential or non-residential projects consistent with a nexus study and the Mitigation Fee Act.

Chapter 3: Inclusionary Housing Trust Fund Established

1. By adoption of Resolution No. 2026/** on March 10, 2026, the City Council established a trust fund for a special revenue account under the name of the “Inclusionary Housing Trust Fund”.
2. Future Moderate, Low or Very-Low Income Housing Fund In-Lieu Fee dedications under Title 9, Chapter 5, Article 43: Inclusionary Housing of the Antioch Municipal Code shall become IHTF property and shall be deposited directly into the IHTF.
3. The IHTF may accept donations from individuals or organizations other than the City of Antioch. Such donations may not be designated for a specific project or purpose and may be used for purposes as determined by the City Council either in the City of Antioch or Contra Costa County.
4. All moneys remaining in the IHTF at the end of any fiscal year, whether or not expended by the City, remain within the IHTF.

Chapter 4: Management

1. The Public Safety and Community Resources Director, or designee, shall serve as the Manager of the IHTF. The responsibilities of the Manager, subject to direction of the City Council, shall include:
 - a. Maintaining all records of the IHTF.
 - b. Assisting prospective applicants requesting IHTF support in the preparation and presentation of their applications;
 - c. Monitoring the use of monies distributed to successful applicants for IHTF support to assure ongoing compliance with the purposes of the IHTF and the conditions under which these monies were granted or loaned; and
 - d. Reporting annually to the City Council regarding the operation and activity of the IHTF with assistance from the City’s Finance staff/City Manager.
2. The Finance Director, or designee, in coordination with the Manager of the Inclusionary Housing Trust Fund shall be responsible for the following:
 - a. Disbursing and collecting IHTF monies.
 - b. Maintaining and managing a separate account or accounts for IHTF monies.
 - c. Maintaining financial records for the IHTF.

Chapter 5: Distribution & Use of Housing Trust Fund Assets

1. Distributions may be made to individuals and/or private or public, profit or non-for-profit entities.
2. The types of investments the fund may make include: gifts, grants, loan guarantees, letters of credit or other forms of credit enhancement, or other disbursements deemed necessary and appropriate to fulfill the purposes of the IHTF.
3. Types of projects in which the IHTF may invest include:
 - a. Creation of new affordable units;
 - b. Preservation of existing affordable housing;
 - c. Assistance with multi-family rehabilitation programs;
 - d. Conversion of market rate units to affordable housing units;
 - e. Support of the construction of accessory dwelling units;
 - f. Acquisition and rehabilitation of potential limited equity housing cooperatives;
 - g. First time homebuyer loans or other forms of assistance;
 - h. Predevelopment loans/grants to assist non-profit and for-profit developers with project feasibility studies, site acquisition and preliminary design studies for potential affordable housing projects;
 - i. Administrative costs for affordable housing programs and projects;
 - j. Program development, research or community engagement efforts focusing on housing matters;
 - k. Purchase of land for the development of affordable housing projects; and
 - l. Rent, mortgage and utility payment assistance to Extremely Low, Very Low, Low, and Moderate- income families during the time of a declared emergency by the City Manager.

ATTACHMENT "C"

RESOLUTION NO. 2026/xxx

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANTIOCH AMENDING THE MASTER FEE SCHEDULE TO ADD AN IN-LIEU FEE AND AN AFFORDABLE HOUSING COMPLIANCE MONITORING FEE

WHEREAS, the Legislature of the State of California has found that the availability of housing is of vital statewide importance. The Legislature has further found that local governments have a responsibility to use the powers vested in them to make adequate provisions for the housing needs of all economic segments of the community;

WHEREAS, the Legislature requires that City encourage the development of a variety of types of housing for all income levels to help meet the City's assigned share of the regional housing need;

WHEREAS, inclusionary housing ordinances typically require the development or payment of in-lieu fees for affordable housing;

WHEREAS, on March 10, 2026 the City Council introduced an ordinance adding Title 9, Chapter 5, Article 43 to the Antioch Municipal Code, Inclusionary Housing;

WHEREAS, the ordinance includes the provision for housing developers to pay an in-lieu fee;

WHEREAS, an In-Lieu Fee analysis and recommendation report was completed to determine the amount of the fee that housing developers would need to pay in-lieu of constructing each required affordable unit onsite;

WHEREAS, the affordable units created under the Inclusionary Housing program, State Density Bonus Law, and through other means require monitoring to ensure compliance with the affordability terms;

WHEREAS, annual monitoring of affordable rental units and the sale of affordable for-sale units requires staff time; and

WHEREAS, in order for the City to be compensated for the time, an affordable housing compliance monitoring fee is being established.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Antioch, hereby:

1. Amends the Master Fee Schedule to add an inclusionary housing in-lieu fee of \$202,500 per unit;
2. Amends the Master Fee Schedule to add a \$50 per unit annual affordable rental inspection fee;

RESOLUTION NO. 2026/***

March 10, 2026

Page 2

3. Amends the Master Fee Schedule to add a \$500 per change of ownership fee for each change of ownership for an affordable for-sale unit; and

FURTHERMORE, BE IT RESOLVED that:

1. On July 1 of each calendar year, the amount of the three above fees shall each be increased based on the increase in the United States Bureau of Labor Statistics' Consumer Price Index.
2. Inclusionary housing in-lieu fees collected shall be deposited into the Inclusionary Housing Trust Fund to support affordable housing.

* * * * *

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Antioch at a regular meeting thereof, held on the 10th day of March 2026 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

MICHAEL J. MANDY
CITY CLERK OF THE CITY OF ANTIOCH

ATTACHMENT "D"



Summary: Existing IHOs In Contra Costa County

Jurisdiction	Rental Housing Requirements	For-Sale Housing Requirements	In-Lieu Fee Option	Alternative Compliance Options	Developer Incentives
Contra Costa County	15% total with specific allocations to income levels	15% total with specific allocations to income levels	Yes	Off-site development; land conveyance; combination	Density bonus; fee waivers; modifications to zoning standards
Pittsburg	6% ELI to 10% VLI	9% LI and 6% VLI; 20% LI	Per City approval	Off-site construction; payment of public subsidies	Smaller lot and unit sizes; different interior finishes for IH units; reduced parking requirements
Richmond	12.5% VLI to 17% MI	10% VLI to 17% MI	Yes	Land Donation	N/A
Walnut Creek	6% VLI to 10% LI	6% VLI to 10% MI	Yes	Off-site construction; land dedication	Reduced size and different interior finishes for IH units
Concord	6% total	15% total	Yes	Off-site development; non-profit partnerships	Density bonus; FAR increase
Pleasant Hill	5% VLI; 10% LI or 20% LI ADUs	5% VLI; 10% LI or 20% LI ADUs	Per City approval	Off-site development	N/A
El Cerrito	5 units to MI; 5% LI	12% MI	Yes	N/A	N/A
Lafayette	9% LI or MI; 6% VLI	15% MI (downtown single family); 9% LI or MI and 6% VLI (downtown multifamily)	Yes	Off-site development; provision of for-rent units rather than for-sale or fee	Reduced size and different interior finishes for IH units; provision of ADUs as IH units

May 6, 2025

Inclusionary Housing Ordinance Financial Feasibility Analysis

Prepared for:
City of Antioch

Prepared by:
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Table of Contents

Executive Summary.....	ES-1
Introduction.....	ES-1
Background	ES-1
Methodology.....	ES-2
Feasibility Impact.....	ES-4
1. Introduction	1-1
1.1 Feasibility Studies Vs Nexus Studies	1-1
1.2 Limits of Feasibility Studies	1-2
1.3 Legal Background.....	1-2
1.4 Inclusionary Housing Ordinance Components	1-4
1.5 Density Bonus and Inclusionary Housing.....	1-5
2. Methodology	2-1
2.1 Housing Need in Antioch.....	2-1
2.2 Analytical Approach.....	2-2
2.3 Density Bonus Units	2-4
3. For-Sale Development Prototypes.....	3-1
3.1 Affordable Housing Payments for For-sale Housing.....	3-1
3.2 For-Sale Development Prototypes and analyses.....	3-3
3.3 Disposition Requirements	3-17
4. Rental Housing Protoypes.....	4-1
4.1 Affordable Household Rents.....	4-1
4.2 For-Rent Development Prototypes and analyses.....	4-2

Appendices

Appendix A:	Antioch Market Survey: Single Family Sales Data
Appendix B:	Antioch Market Survey: Multifamily Sales Data
Appendix C:	Antioch Market Survey: Townhome Sales Data
Appendix D:	Antioch Market Survey: Multifamily Rent Data

TABLES

Table ES-1: City of Antioch 6th Cycle RHNA Allocation ES-1

Table ES-2: 15% VLI Inclusionary Analysis, For-Sale Development Prototypes ES-6

Table ES-3: Feasibility Summary, For-Sale Prototypes..... ES-6

Table ES-4: Feasibility-3 Summary, Rental Development Prototypes..... ES-7

Table ES-5: Feasibility Summary, rental Prototypes ES-8

Table 1-1: State Density Bonus Allowances 1-5

Table 2-1: City of Antioch 6th Cycle RHNA Allocation..... 2-1

Table 2-2: Density Bonus as Percentage Increase in market-rate Units by Income..... 2-4

Table 3-1: HCD Income Limits by Household Size and Income Classification; Contra Costa County 3-2

Table 3-2: Calculation of Affordable-Housing sales Price by Household Size and Income Classification
(All data in 2024 Dollars); Antioch; 2024 3-2

Table 3-3: Prototype 1 Housing Sizes and Sales Values..... 3-4

Table 3-4: Number of Units by Type and Affordability..... 3-5

Table 3-5: Summary of Units 3-5

Table 3-6: Prototype 1 Project Income 3-5

Table 3-7: Prototype 1 Project Costs..... 3-6

Table 3-8: Prototype 1 Financial Feasibility Summary 3-7

Table 3-9: Prototype 1 Feasibility Summary 3-7

Table 3-10: Prototype 2 Housing Sizes and Sales Values..... 3-8

Table 3-11: Number of Units by Type and Affordability..... 3-9

Table 3-12: Summary of Units 3-9

Table 3-13: Prototype 2 Project Income 3-10

Table 3-14: Prototype 2 Project Costs..... 3-11

Table 3-15: Prototype 2 Financial Feasibility Summary 3-12

Table 3-16 Prototype 2 Feasibility Summary 3-12

Table 3-17: Prototype 3 Housing Unit Sizes and Sales Values..... 3-13

Table 3-18: Number of Units by Type and Affordability..... 3-14

Table 3-19: Unit Summary 3-14

Table 3-20: Prototype 3 Project Income 3-14

Table 3-21: Prototype 3 Project Costs..... 3-15

Table 3-22: Prototype 3 Financial Feasibility Summary 3-16

Table 3-23: Prototype 3 Feasibility Summary 3-16

Table 4-1: Calculation of Affordable Rents by Household Size and Income Classification (All data in
2024 Dollars); Antioch; 2024 4-2

Table 4-2: Prototype 4 Housing Sizes and Monthly Rents (Assuming a 9.1 percent Rent increase)..... 4-3

Table 4-3: Number of Units by Type and Affordability..... 4-4

Table 4-4: Unit Summary 4-4

Table 4-5: Prototype 4 Project Income 4-4

Table 4-6: Prototype 4 Project Costs..... 4-5

Table 4-7: Prototype 4 Financial Feasibility Summary 4-6

Table 4-8: Prototype 4 Feasibility Summary 4-7

Table 4-9: Prototype 5 Housing Sizes and Monthly Rents..... 4-7

Table 4-10: Number of Units by Type and Affordability 4-8
Table 4-11: Unit Summary 4-8
Table 4-12: Prototype 5 Project Income 4-9
Table 4-13: Prototype 5 Project Costs..... 4-10
Table 4-14: Prototype 5 Financial Feasibility Summary 4-11
Table 4-15: Prototype 5 Feasibility Summary 4-11

Executive Summary

INTRODUCTION

The City of Antioch’s 6th Cycle (2023-2031) Housing Element was certified by the California Department of Housing and Community Development (HCD) on October 12, 2023. Program 2.1.10, Inclusionary Housing, of the Antioch Housing Element calls for the city to “Initiate a feasibility study for an inclusionary housing ordinance for City Council consideration.”¹ Inclusionary housing ordinances (IHO) require that new market-rate residential development projects include a certain percentage of housing units at rents or sale prices that are affordable to lower-income households.

The objective of Program 2.1.10 is to develop 360 to 460 affordable units during the 2023-2031 planning period.

PlaceWorks, Inc. was engaged by the City of Antioch to prepare the City’s IHO, including this financial feasibility analysis (FFA). The FFA is intended to identify and understand the impacts that inclusionary housing requirements would have on the economic feasibility of building new, market-rate housing in the City. The FFA will assist the City in adopting policies that balance the simultaneous goals of creating more affordable housing while continuing to encourage market-rate housing development, so as to best serve the needs of all City residents.

BACKGROUND

The State of California requires every jurisdiction to adequately plan for its community’s housing needs, as specified by the Regional Housing Needs Allocation (RHNA). The RHNA breaks down the amount of housing units needed in each jurisdiction by income category, ranging from Very-Low Income to Above Moderate Income. Antioch has a 6th cycle RHNA of 3,016 total units. Table ES-1 displays the City’s RHNA breakdown by income levels.

TABLE ES-1: CITY OF ANTIOCH 6TH CYCLE RHNA ALLOCATION

Income Group	Units	Percent
Very Low-Income (0-50% of AMI)	792	26.3%
Low-Income (51-80% of AMI)	456	15.1%
Moderate Income (81-120% of AMI)	493	16.3%
Above Moderate-Income (More than 120% of AMI)	1,275	42.3%
TOTAL	3,016	100%

Source: Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031.

¹ Ibid, page 7-16.

METHODOLOGY

The economic impact of an inclusionary housing requirement on a housing project is ascertained by comparing the difference between the financial performance of a fully market-rate version of the project and one that includes the required number of below-market rate (BMR) units, while also receiving any available density bonus and other allowed incentives.

To complete this comparison, PlaceWorks prepared detailed analyses that assess the financial impact of seven inclusionary requirements on five prototypical housing projects approved by the city. The analyses identify the following:

- The impact on feasibility of three different 15 percent affordability requirements:
 - A 15 percent requirement for VLI units.
 - A 15 percent requirement for LI units.
 - A 15 percent requirement for MI units.
- The impact on feasibility of three different 10 percent affordability requirements:
 - A 10 percent requirement for VLI units.
 - A 10 percent requirement for LI units.
 - A 10 percent requirement for MI units.
- The impact on feasibility of a 5 percent requirement for VLI units.

New housing developments that provide required inclusionary housing are eligible for an increase in the number of market rate units, over and above the zoning maximum. The number of additional units varies based on the percentage of units that are affordable and at what income level the units are affordable. The largest density bonus is allowed for 15 percent of the units provided at a cost that is affordable to very low-income households. Such projects can exceed the zoning density by 50 percent. However, as discussed in subsequent sections, physically achieving that density can be challenging. Generally, if a project with a 50 percent density bonus can be physically accommodated on a site, then lesser density bonuses could also be accommodated. The presentation and discussion of each prototype uses a starting point of providing 15 percent of the units affordable to very low-income households and a corresponding 50 percent density bonuses. However, the discussion of the prototype feasibility also provides additional information about the other income levels and the 10 percent and five percent inclusionary requirements.

DEVELOPMENT PROTOYPES

PlaceWorks developed five housing development prototypes that reflect recent development projects in Antioch and are consistent with local land use regulation. Each prototype reflects inputs such as recent pipeline projects, allowable densities and zoning regulations, and residential market conditions to provide for the most accurate analysis possible within the limitations of a financial feasibility assessment.

As part of the work to develop the prototypes, PlaceWorks completed a market survey of home sales and rental rates to estimate achievable values of each prototype. The PlaceWorks team used a recent software (Chrome) extension called Comp Crunch to download detailed residential rental and sales in Antioch from aggregators such as Zillow and Trulia, in August of 2024. Datasets include:

1. Multifamily residential rents and sale prices
2. Single family residential rents and sale prices
3. Townhome residential rents and sale prices

For-Sale Prototypes

PlaceWorks defined the following three development prototypes for for-sale housing based on our review of recently constructed and permitted housing projects in Antioch:

- Prototype 1: Large Lot, Single Family Development. Low-density single-family housing subdivision at a gross density of 4.0 dwelling units per acre.
- Prototype 2: Small Lot, Single Family Development. Medium-density single-family housing subdivision at a gross density of 10.0 dwelling units per acre
- Prototype 3: For-Sale Townhouse Development. Medium-density townhome project comprising 70 side-by-side residential units at a gross density of 14.9 units per acre.

Rental Prototypes

PlaceWorks defined the following two development prototypes for for-rent housing based on our review of recently constructed and permitted housing projects in Antioch:

- Prototype 4: Medium/High Density Multifamily Flats. Medium-scale apartment development with 83 units at a gross density of 20.2 units per acre.
- Prototype 5: High Density Multifamily Flats. Large-scale apartment development with 237 units at a gross density of 26.9 units per acre.

The prototypes do not reflect any particular lot, parcel or location in Antioch. The financial feasibility of any prototype on a specific site would be expected to vary.

PRO FORMA ANALYSES

PlaceWorks prepared pro forma analyses for the market-rate development prototypes to identify whether, and how, various affordability requirements could be supported by each. The pro formas rely on multi-year cash flow projections to achieve the most accurate evaluation of project feasibility. The following metrics were used to determine project feasibility:

- **Internal Rate of Return, 15% minimum.** Internal Rate of Return (IRR) was calculated to assess the feasibility of for-sale prototypes. IRR measures the developer's return on investment with a discounted cash flow model. It is based on the net cash flow for each year during project planning, construction, and sale. The key feasibility question is whether cash flows from sales are large enough to pay back the initial investment, plus a sufficient return to compensate for the investment risk. For real estate investments, an IRR of 15 percent is generally considered the minimum threshold of financial feasibility.

- **Cash-on-Cash Yield, 6% minimum.** PlaceWorks calculated cash-on-cash yield (CoC) to assess the financial feasibility of the for-rent prototypes. CoC is an industry standard that measures the net revenue relative to the developer’s investment for the first full year of occupancy. A CoC of six percent is generally considered the minimum threshold of financial feasibility.

FEASIBILITY IMPACT

The financial feasibility of each development prototype was analyzed under the following:

1. **Market Rate Scenario.** This scenario consists of a fully market rate development prototype, without the introduction of affordability requirements.
2. **Inclusionary Scenarios.** Each of these scenarios includes the density, number of units and unit types of the market rate scenario, but with one of the seven different required percentages of BMR units. These scenarios also includes the maximum number of new units allowed under California’s Density Bonus Law (Cal. Gov. Code Sections 65915 – 65918).

Feasibility impact analyses also includes discussions of the **Base Scenario** for each prototype. This scenario accounts for the affordability requirement but not state density bonus. It is used to illustrate the development implications of increased density, such as changes in the number of market rate and BMR units, as well as unit types.

FOR-SALE PROTOTYPES

Table ES-1 summarizes the financial feasibility of the Market Rate and 15 percent VLI inclusionary scenario for each for-sale development prototype. The table also includes the Base Scenarios to illustrate the breakdown of market rate and below market rate units that result when the 15 percent VLI affordability requirements are applied to the Fully Market Rate Scenario. As will be explained further, this analysis provides details of the 15 percent VLI inclusionary requirement for each prototype, as this scenario is a “starting point” that provides for the greatest density bonus under state law.

Table ES-2 provides a feasibility summary for the for-sale prototypes under all the seven inclusionary scenarios. As shown in Table ES-2, the Fully Market Rate Scenarios of all three for-sale residential development prototypes are financially feasible, assuming an IRR threshold of 15 percent. This is not surprising, as they are indicative of existing and planned development in the City. However, under various inclusionary scenarios, multiple for-sale prototypes saw a significant drop in IRR, such that they would not be financially feasible without additional densities:

- Prototype 1, Large Lot Subdivision, would be extremely financially sensitive to inclusionary zoning. It would not achieve a 15 percent IRR under any of the inclusionary requirement scenarios, even with State density bonus maximized.
- Prototype 2, Small Lot Subdivision, would remain financially feasible under most of the inclusionary requirements scenarios. It would not achieve a 15 percent IRR under only the 15 percent Moderate Income requirement and 10 percent Moderate Income requirement. These scenarios offer the lowest density increases under State density bonus law.

- Prototype 3, For-Sale Townhouse Development, would also remain financially feasible under most inclusionary scenarios. It would only not achieve 15 percent IRR under the 15 percent LI requirement and 10 percent MI requirement.

TABLE ES-2: 15% VLI INCLUSIONARY ANALYSIS, FOR-SALE DEVELOPMENT PROTOTYPES

	Prototype 1: Large Lot SFD			Prototype 2 Small Lot SFD			Prototype 3: Townhome Development		
	Fully Market Rate Scenario	15% Inclusionary	With Density Bonus	Fully Market Rate	15% Inclusionary	With Density Bonus	Fully Market Rate Scenario	15% Inclusionary	With Density Bonus
Market-Rate Units	220	187	297	303	258	410	70	59	94
BMR Units	0	33	33	0	45	45	0	11	11
Total Units	220	220	330	303	303	455	70	70	105
Feasibility (IRR)	18.3%		-1.6%	21.0%		26.5%	20.6%		15.5%

TABLE ES-3: FEASIBILITY SUMMARY, FOR-SALE PROTOTYPES

	Prototype 1: Large Lot SFD	Prototype 2 Small Lot SFD	Prototype 3: Townhome Development
Fully Market Rate Scenario			
No Inclusionary Housing	18.3%	21.0%	20.6%
15% Inclusionary Requirements			
15% Very Low-Income	-1.6%	26.5%	15.5%
15% Low-Income	-7.1%	19.9%	12.8%
15% Moderate-Income	-14.3%	11.1%	19.9%
10% Inclusionary Requirements			
10% Very Low-Income	-2.6%	24.6%	16.3%
10% Low-Income	-5.3%	21.8%	12.6%
10% Moderate-Income	-12.1%	13.4%	19.8%
5% Inclusionary Requirement			
5% Very Low-Income	-1.3%	24.4%	18.2%

RENTAL PROTOTYPES

Table ES-3 summarizes the financial feasibility of the Market Rate and 15 percent VLI inclusionary scenario for each rental development prototype. The table also includes the Base Scenarios to illustrate the breakdown of market rate and below market rate units that result when the affordability requirements are applied to the Fully Market Rate Scenario.

Table ES-4 provides a feasibility summary for the rental prototypes under all the seven inclusionary scenarios. As shown in Table ES-4, the Fully Market Rate Scenarios of both rental residential development prototypes are financially feasible based on a cash-on-cash yield threshold of six percent. However, the financial impacts of various inclusionary requirements differ between the prototypes:

- Prototype 4, Medium/High Density Multifamily Flats, maintains feasibility only under requirements for VLI units. This is primarily because construction of VLI units allows for the greatest density increase under State Density Bonus law.
- Prototype 5, High Density Multifamily Flats, maintains feasibility under all seven inclusionary scenarios.

TABLE ES-4: 15% VLI INCLUSIONARY ANALYSIS, RENTAL DEVELOPMENT PROTOTYPES

	Prototype 4: Medium/High Density Multifamily Flats			Prototype 5: High Density Multifamily Flats		
	Fully Market Rate Scenario	15% Inclusionary	With Density Bonus	Fully Market Rate Scenario	15% Inclusionary	With Density Bonus
Market-rate Units	83	71	113	237	201	320
BMR Units	0	12	12	0	36	36
Total Units	83	83	125	237	237	356
Feasibility (Cash on cash yield)	6.1%		6.2%	6.6%		6.3%

TABLE ES-5: FEASIBILITY SUMMARY, RENTAL PROTOTYPES

	Prototype 4: Medium/High Density Multifamily Flats	Prototype 5: High Density Multifamily Flats
Fully Market Rate Scenario		
No Inclusionary Housing	6.1%	6.6%
15% Inclusionary Requirements		
15% Very Low-Income	6.2%	6.3%
15% Low-Income	4.9%	6.4%
15% Moderate-Income	5.2%	6.8%
10% Inclusionary Requirements		
10% Very Low-Income	6.1%	6.3%
10% Low-Income	4.8%	6.4%
10% Moderate-Income	5.0%	6.6%
5% Inclusionary Requirement		
5% Very Low-Income	6.1%	6.3%

OVERALL FEASIBILITY

This analysis finds:

- An inclusionary housing requirement is not financially feasible to achieve with conventional single-family detached housing developments in Antioch. Subsequent work on this project will evaluate a potential in-lieu fee for an inclusionary housing requirement and its potential applicability to single-family detached housing development.
- An inclusionary housing requirement appears to be feasible for other types of development. However, the feasibility is contingent on two important factors that the city will need to consider and, if moving forward with an inclusionary housing program, will need to incorporate into its ordinance:
 1. Not all income levels are feasible for each type of development. If the city were to adopt a program, it should have a general percentage inclusionary requirement—i.e., 5 or 10 or 15 percent of the units should be restricted to occupancy by and be affordable to income-qualified households—but the developer should be allowed the flexibility to determine whether those units would be affordable to very low-income, low-income, or moderate-income households.
 2. Achieving the densities allowed under the density bonus law in order to compensate for the costs of providing affordable housing may require a shift to more dense housing products. In other words, a small-lot, single-family detached housing development may need to incorporate a large number of townhomes to accommodate additional market-rate units, instead of being restricted to single-family detached units. Similarly, a multifamily project may need to be built taller and with reduced parking to achieve the allowable densities. These tradeoffs should factor into the consideration of an inclusionary housing requirement and

should be acknowledged in the ordinance if the city moves forward with an inclusionary housing requirement.

1. Introduction

The City of Antioch 6th Cycle (2023-2031) Housing Element (HE) was certified by the California Department of Housing and Community Development (HCD) on October 12, 2023. Housing Element Program 2.1.10, Inclusionary Housing, calls for the city to “Initiate a feasibility study for an inclusionary housing ordinance for City Council consideration.”² Inclusionary housing ordinances (IHO) require that new market-rate residential development projects include a certain percentage of housing units at rents or sale prices that are affordable to lower-income households.

As stated in the Housing Element, the objective of Program 2.1.10 is to develop 360 to 460 affordable units during the 2023-2031 planning period.

PlaceWorks, Inc. was engaged by the City of Antioch to prepare the City’s IHO, including this financial feasibility analysis (FFA). The FFA is intended to identify the impacts that inclusionary housing requirements would have on the economic feasibility of building new, market-rate housing in the City. The FFA will assist the City in adopting IHO regulations that facilitate affordable housing provision while continuing to encourage market-rate housing development.

Two key factors must be considered in the creation of inclusionary housing requirements:

1. The requirements should balance the interests of developers against the public benefit created by the production of affordable units.
2. The inclusionary housing requirements cannot deprive housing developers of a fair and reasonable return on their investment.

1.1 FEASIBILITY STUDIES VS NEXUS STUDIES

Feasibility studies and nexus studies are related yet serve different purposes. As explained further in Section 1.3, below, IHOs are typically adopted as local land use regulations via a jurisdiction’s use of its police power. Feasibility studies for IHOs determine the quantity of affordable housing that proposed development project(s) can bear while remaining financially feasible to develop.

In contrast, nexus studies do not assess project financial feasibility. Nexus studies are used to quantify various impact(s) of new development, calculate the cost of the impact(s), and determine the resulting fees to be imposed as a development condition. In the case of affordable housing, nexus studies document how much a proposed development project (either residential or non-residential) would contribute to the need for affordable housing and determine a maximum legally defensibility impact fee. Ultimately, the jurisdiction can charge any fee up to that amount. Oftentimes, for affordable housing, cities account for financial feasibility and impose a fee lower than the maximum amount.

² Ibid, page 7-16.

1.2 LIMITS OF FEASIBILITY STUDIES

Feasibility studies differ from real estate appraisals, which establish a value for a specific property based on data from comparable properties and projects. The primary difference between an appraisal and a feasibility study is the scope. An appraisal is focused on a single property and is intended to provide an accurate estimate of the value of that property. A feasibility study is intended to represent an approximate typical value for a type of development that could occur on many different properties within a jurisdiction. The values of that theoretical development may vary greatly across different properties and with different developers.

Feasibility studies involve more complex calculations based on a wider variety of data. While market data on home sales prices and rents is available, feasibility studies also rely on data and assumptions about land values, construction costs, operating costs, unit sizes, parking costs, and other topics. As such, feasibility studies must be understood as approximations.

Finally, feasibility studies depend on specific input assumptions and are thus more open to interpretation than appraisals. While two certified appraisers are likely to return very similar property value estimates in most cases, two well-conducted financial feasibility studies may still draw varying conclusions about the impact of inclusionary housing requirements on project feasibility.

1.3 LEGAL BACKGROUND

Article XI, section 7 of the California Constitution grants each city and county the power “to make and enforce within its limits all local, police, sanitary and other ordinances and regulations not in conflict with general laws.” This is referred to as the police power of local governments. California Planning and Zoning Law (Gov. Code, §§ 65000 to 66035) establishes the Legislature’s intent to “provide only a minimum of limitation in order that counties and cities may exercise the maximum degree of control over local zoning matters.”

Approximately 200 jurisdictions in California, pursuant to their police power, have adopted IHOs that require developers to ensure that a certain percentage of housing units in a new development be affordable to VLI, LI and MI households. The majority of these include requirements for both for-sale and rental residential development projects.

A series of legal cases and legislation adopted by the State of California Legislature guide the creation and implementation of IHOs. These include, in chronological order:

- **Palmer/Sixth Street Properties L.P. v. City of Los Angeles.** In 2009, the California Court of Appeal ruled that the local affordable housing requirements imposed by the City of Los Angeles violated the Costa-Hawkins Rental Housing Act (Costa-Hawkins). Costa-Hawkins allows landlords to set the initial monthly rent for a new unit, and then to increase the monthly rent to the market level each time a unit is vacated. The Court found that the imposition of long-term income and affordability restrictions on rental apartment units is a violation of this provision.

After the *Palmer* decision, most jurisdictions with inclusionary housing ordinances that included rental housing stopped applying the rental requirement. Some jurisdictions replaced affordable housing production models with a linkage or impact fee methodology.

- **Latinos Unidos del Valle de Napa y Solano v. County of Napa.** In 2013, the California Court of Appeal, held that inclusionary units qualify as affordable units for purposes of the Density Bonus Law. As a result of the ruling, developers can use the same affordable units to fulfill both inclusionary housing requirements and density bonus requirements. However, in order to exercise this option, the more stringent of the two programs' requirements must be applied.
- **California Building Assn. V. of San Jose (2015) 61 Cal.4th 435.** In 2010, the City of San Jose adopted an inclusionary housing ordinance that applied a 15 percent inclusionary requirement. The California Building Industry Association (CBIA) filed a lawsuit alleging that the requirements constituted an "exaction" that needed to be justified by the impact of the project. In a 2015, the California Supreme Court ruled that inclusionary requirements are not exactions, stating that they are "constitutionally legitimate" so long as the enforcement "bears a real and substantial relationship to the public interest." The court cited the need to increase the number of affordable units in California and the desirability of economically diverse communities.

This case has been widely interpreted to mean that an in-lieu fee payment option in an inclusionary housing program is not subject to the requirements of California Government Code §66000, the "Mitigation Fee Act."
- **Assembly Bill 1505.** AB 1505 was passed in 2017 and is known as the "Palmer Fix," as it reaffirms the authority of local governments to include inclusionary requirements for rental units. AB 1505 amends Section 65850 of the California Government Code and adds Section 65850.01. It supersedes the holding in Palmer, to the extent that the decision conflicts with a local jurisdiction's authority to adopt inclusionary housing programs on residential rental developments. It provides for limited, circumstantial review by HCD of financial feasibility studies in order to ensure that inclusionary housing programs do not "unduly constrain" the production of housing.

Per AB 1505, HCD retains the right to review the financial feasibility of only IHOs that require more than 15 percent of rental units be made affordable to households at 80 percent or less of the area median income (AMI), and for which one of the following applies:

1. The jurisdiction has failed to meet at least 75% of its RHNA allocation for above moderate income units. This test is measured on a pro-rated basis over the planning period, which is set at a minimum of five years; or
2. HCD finds that the jurisdiction has not submitted their Housing Element report for at least two consecutive years.

Even in cases where these criteria are met, HCD will only request evaluation of an IHO feasibility analysis based on information in the jurisdiction's Housing Element, Annual Progress Report, stakeholder comment letter, phone call, news article, or at the request of a third-party.

Finally, HCD will not review the actual inclusionary housing program pursuant to AB 1505. HCD's review is limited to a review of the financial feasibility study.

At this time Antioch has not met 75% of its recently-released 6th cycle RHNA allocation (see Section 2.1). As such, should Antioch adopt an IHO whereby more than 15 percent of rental units are required to be restricted at less than 80% of AMI, HCD has the right to review this FFA.

1.4 INCLUSIONARY HOUSING ORDINANCE COMPONENTS

The majority of inclusionary housing ordinances in California are comprised of a similar set of regulatory components. These include:

1. **Threshold Project Size.** Most inclusionary housing programs include a minimum threshold project size below which projects are not subject to the affordable housing production requirements. Typically, this threshold is between three to 10 units.
2. **Applicable Geography.** Most jurisdictions establish blanket affordability requirements that apply to all local projects. Some jurisdictions with diverse real estate landscape impose varying requirements for different subareas.
3. **Income and Affordability Requirements.** Income and housing affordability requirements are the key components of inclusionary housing. They vary throughout California. The majority of IHOs require that eligible projects include 10 to 20 percent affordable units. The following variations are common:
 - The inclusionary requirements vary for different levels of household affordability, including VLI, LI and MI households.
 - A sliding scale of inclusionary requirements for projects of varying size, developed to reduce the potentially disproportionate impact of inclusionary housing requirements on smaller projects.
 - The length of the covenant period imposed on inclusionary units. However, the standards of 45 years for ownership housing units and 55 years for rental units set by California Health and Safety Code (H&SC) Section 33413 are commonly used.
4. **Inclusionary Fulfillment Options.** According to Cal. Gov. Code Section 65850 (g), jurisdictions may adopt IHOs with rental development requirements with the condition that they offer developers alternatives for fulfilling the affordable housing requirements. The most common options are:
 - Payment of an in-lieu fee, equal to the cost of constructing the required units, to a local housing trust fund or other mechanism to assist in the development of affordable housing units within the community. In-lieu fees can also be transferred to developers that specialize in affordable housing and have access to local, state and federal public funding sources that may support greater affordability than inclusionary housing requirements.
 - Construction of a defined percentage of income restricted units in an off-site location.
 - The dedication or donation of land to the jurisdiction that is appropriate for the development of affordable housing.
 - The acquisition and rehabilitation of existing units.
5. **Development & Design Standards.** Most IHOs include standards to ensure that affordable units are built with the same construction and design quality as market rate units and are distributed evenly among market rates units rather than clustered or isolated in the development site.

1.5 DENSITY BONUS AND INCLUSIONARY HOUSING

1.5.1 STATE DENSITY BONUS LAW

California’s Density Bonus Law (Cal. Gov. Code Sections 65915 – 65918) provides developers with tools to build affordable housing. The law requires jurisdictions to provide density bonuses based on a sliding scale, including up to a 50% increase in project densities depending on the amount of affordable housing provided.

The density bonus provides one method for developers to improve the feasibility of their project while still complying with an inclusionary housing ordinance. As stated in Section 2.4, *Latinos Unidos del Valle de Napa y Solano v. County of Napa* held that inclusionary units qualify as affordable units for purposes of Density Bonus Law. The case confirmed that the density bonus is a financial tool available to help developers achieve inclusionary housing requirements. Density bonus is commonly used to reduce the financial impact created by the imposition of inclusionary housing requirements. It should be noted, however, that payment of an in-lieu fee to meet inclusionary housing requirements does not qualify for density bonus.

Table 1-1 shows the scale of allowable state density bonus for increasing percentages of affordable units.

TABLE 1-1: STATE DENSITY BONUS ALLOWANCES

Affordable Unit Percentage (Of Pre-Bonus Unit Total)	Very Low Income Density Bonus	Low Income Density Bonus	Moderate Income Density Bonus (For-Sale Projects Only)
5%	20%	-	-
6%	22.5%	-	-
7%	25%	-	-
8%	27.5%	-	-
9%	30%	-	-
10%	32.5%	20%	5%
11%	35%	21.5%	6%
12%	38.75%	23%	7%
13%	42.5%	24.5%	8%
14%	46.25%	26%	9%
15%	50%	27.5%	10%
16%	50%	29%	11%
17%	50%	30.5%	12%
18%	50%	32%	13%
19%	50%	33.5%	14%
20%	50%	35%	15%

1.5.2 LOCAL DENSITY BONUS

The City of Antioch’s adopted density bonus ordinance is included in Chapter 5, Article 35, of the Antioch Municipal Code. The ordinance was amended in 2014 to bring the City into compliance with State law and further modified in 2020 to mirror the State ordinance. Section 9-5.3502(H) of the City’s density bonus ordinance includes a provision which automatically adopts revisions to the State Density Bonus law as adopted by State Legislature.

2. Methodology

The financial feasibility impact of an inclusionary housing requirement on a market-rate project is the difference between financial performance of a fully market rate development project and one that provides the required number of below-market rate (BMR) units, along with any density bonus and other incentives. Most commonly, this difference is measured as the difference in the rate of return that the developer would expect for the equity invested in the project. The difference can also be measured as the difference in the market-rate sales values or rents for units in the market-rate and those of the BMR development, when holding the rate of return equal. It can also be measured as the difference in the residual land value (how much the developer can afford to pay to acquire the development site) between the market-rate and the BMR development projects, keeping the rate of return equal.

2.1 HOUSING NEED IN ANTIOCH

Antioch has a history of successfully planning for state-mandated housing requirements.

The State of California requires every jurisdiction to adequately plan for its community's housing needs, as specified by the Regional Housing Needs Allocation (RHNA). The RHNA breaks down the amount of housing units needed in each jurisdiction by income category, ranging from Very-Low Income to Above Moderate Income. Antioch has a 6th cycle RHNA of 3,016 total units. Table 2-1 displays the City's RHNA breakdown by income levels.

TABLE 2-1: CITY OF ANTIOCH 6TH CYCLE RHNA ALLOCATION

Income Group	Units	Percent
Very Low-Income (0-50% of AMI)	792	26.3%
Low-Income (51-80% of AMI)	456	15.1%
Moderate Income (81-120% of AMI)	493	16.3%
Above Moderate-Income (More than 120% of AMI)	1,275	42.3%
TOTAL	3,016	100%

Source: Final Regional Housing Needs Allocation (RHNA) Plan: San Francisco Bay Area, 2023-2031.

As shown in Table 2-1, 42.3% of the Antioch's RHNA requirement is dedicated to homes affordable to Above Moderate-Income households. A potential IHO would not include requirements for these homes. The City's RHNA directs that the City will need to plan for the construction of 493 Moderate, 456 Low- and 792 Very Low- Income housing units by 2031.

Inclusionary housing is one tool that will help the City to fulfill its affordable housing needs. Accomplishing state and local housing goals will require an additional combination of planning and zoning strategies, city policy decisions and regional coordination.

This report summarizes the results of detailed financial feasibility analyses to assess the impact on feasibility of the requested inclusionary housing requirements on a series of prototypical housing projects. The analyses identify the following:

- The impact on feasibility of three different 15 percent affordability requirements:
 - A 15 percent requirement for VLI units.
 - A 15 percent requirement for LI units.
 - A 15 percent requirement for Moderate Income units.
- The impact on feasibility of three different 10 percent affordability requirements:
 - A 10 percent requirement for VLI units.
 - A 10 percent requirement for LI units.
 - A 10 percent requirement for Moderate Income units.
- The impact on feasibility of a 5 percent requirement for VLI units.

New housing developments that provide required inclusionary housing are eligible for an increase in the number of market rate units, over and above the zoning maximum. The number of additional units varies based on the percentage of units that are affordable and at what income level the units are affordable. The largest density bonus is allowed for 15 percent of the units provided at a cost that is affordable to very low-income households. Such projects can exceed the zoning density by 50 percent. However, as discussed in subsequent sections, physically achieving that density can be challenging. Generally, if a project with a 50 percent density bonus can be physically accommodated on a site, then lesser density bonuses could also be accommodated.

The presentation and discussion of each prototype uses a starting point of providing 15 percent of the units affordable to very low-income households and a corresponding 50 percent density bonuses. However, the discussion of the prototype feasibility also provides additional information about the other income levels and the 10 percent and five percent inclusionary requirements.

2.2 ANALYTICAL APPROACH

The basic structure of the analysis is the development and application of financial feasibility pro formas for a set of housing project prototypes reflecting current development trends in Antioch and the region. The analyses include:

1. Creation of residential development prototypes that are representative of new and planned market-rate development in the City of Antioch.
2. Estimation of market-rate sales prices and rents for the prototypes.
3. Calculation of the sales prices and rents that reflect affordable housing payments.
4. Calculation of the percentage of units that could be designated as inclusionary housing units while maintaining project financial feasibility.

2.2.1 DEVELOPMENT PROTOTYPES

PlaceWorks developed a total of five for-sale and for-rent housing development prototypes that reflect recent development patterns in Antioch. The prototypes were created using multiple inputs to ensure they are representative of local development patterns and provide for accurate analysis within the limitations of a financial feasibility assessment. These inputs include:

- Ongoing consultation with City staff regarding current residential project applications to the City, desired housing development types, applicant inquiries and State input.
- Evaluation and integration of recently-constructed and approved single- and multi-family for-sale projects and rental projects.
- Evaluation of housing project characteristics, densities and designs contained in multiple Antioch “Pipeline Project” lists obtained from city staff.

Project data from City of Antioch Housing Element and related documents.

Details of each development prototype are included in Chapters 3 and 4.

2.2.2 MARKET SURVEY

PlaceWorks completed a comprehensive local market survey of home sales and rent prices to estimate achievable values of the development prototypes. In August of 2024, PlaceWorks used a Chrome software extension developed by the real estate industry to download and compile detailed market data from real estate aggregators Zillow and Trulia.

PlaceWorks’ survey of real estate sales prices included individual datasets for:

- Single family homes
- Multifamily homes
- Townhomes

PlaceWorks’ survey of real estate rental prices included individual datasets for:

- Single family homes
- Multifamily homes
- Townhomes

Each listing in both surveys includes:

- Home type
- Listing process/rent
- Square footage
- Price/rent per square foot
- Number of bedrooms
- Number of bathrooms

Raw results of the market survey are available in Appendices A through D.

2.2.3 CALCULATION OF AFFORDABLE HOME PRICES & RENTS

PlaceWorks calculated affordable home values and rental process for inclusion in the pro form process. These values were calculated using California Health & Safety Code (H&SC) Section 50052.5 calculation methodology.

Details and results of the calculation process are included in Section 3.1.

2.2.4 PRO FORMA ANALYSES

PlaceWorks prepared a series of dynamic pro formas for each development prototype to identify whether, and how, each market-rate housing project could support various affordability requirements.

Unlike static pro formas, dynamic pro formas rely on multi-year cash flow projections. This type of modeling requires a greater number of assumptions and inputs than static modelling. It allows for the most accurate evaluation of the feasibility of real estate projects. This approach facilitated calculation of the following metrics:

- **Internal Rate of Return.** PlaceWorks calculated Internal Rate of Return (IRR) to assess the feasibility of the for-sale development prototypes. IRR measures the developer's return on investment with a discounted cash flow model. It is more complex and more accurate than a simple return on cost metric. It is based on the net cash flow for each year during the planning, construction, and sale (for a for-sale product) or operation (for a for-rent product). Equity investors typically use IRR because it allows them to compare different investment opportunities. In the initial years, a developer invests money into a project and then, in later years, receives return in the form of the sales value of the residential dwelling units, after repaying the construction loan. IRR can also be used with for-rent products (in which case the return is the annual net cash flow from operations and the ultimate sale of the project after a typically five-year holding period to capitalize on depreciation tax benefits). The key feasibility question is whether these later cash flows are large enough to pay back the initial investment plus a sufficient return to compensate for the investment risk. The IRR is essentially the rate that generates a \$0 net present value for the series of cash flows. For real estate investments, an IRR of 15 percent is generally considered the threshold for a proposed project to be considered financially feasible.
- **Cash-on-Cash Yield.** PlaceWorks calculated Cash-on-Cash Yield to assess the financial feasibility of for-rent development prototypes. With for-rent residential projects, the developer may own and operate the project for an indeterminate number of years. IRR is a less effective evaluation metric because it requires a specific time horizon for the sale of the project and the final return. The cash-on-cash yield is an industry standard metric for rental projects, and it measures the net revenue relative to the developer's investment for the first full year of occupancy. Specifically, it is calculated by dividing the expected net operating income (NOI), after debt service and taxes, by the required equity investment the developer puts up. For real estate investments, a cash-on-cash yield of six percent or more is generally considered the threshold for a proposed project to be considered financially feasible.

- **Residual Land Value.** Residual land value is the amount that a developer can afford to pay to acquire a site for development and achieve a financially feasible rate of return. Residual land value is most often used to compare two or more alternatives for a development site or two or more land use regulations by determining which generates the highest residual land value. However, a portion of the financial impact of inclusionary housing requirements can be absorbed by landowners in the form of lower residual land values (RLV). The impact of decreased RLV is reflected differently in financial feasibility analyses statewide, with no preferred direction. As detailed further in Chapters 3 and 4, PlaceWorks analyzed the financial feasibility of market-rate and BMR development prototypes assuming that the residual land value would remain the same.

2.2.5 SCENARIO ANALYSIS

The financial feasibility of each development prototype was analyzed under the following scenarios:

1. **Fully Market Rate Scenario.** This scenario consists of the density, number of units and unit type established in the original market-rate development prototype, without the introduction of affordability requirements.
2. **Inclusionary Scenarios.** Each of these scenarios includes the density, number of units and unit types of the market rate scenario, but with one of the seven different required percentages of BMR units. These scenarios also includes the maximum number of new units allowed under California’s Density Bonus Law (Cal. Gov. Code Sections 65915 – 65918). The seven requirement scenarios are:
 - 15 percent VLI units.
 - 15 percent LI units.
 - 15 percent MI units.
 - 10 percent VLI units.
 - 10 percent LI units.
 - 10 percent MI units.
 - 5 percent VLI units.

Each prototype analysis also includes a **Base Scenario**, which consists of the density, number of units and unit type established in the market rate scenario, as well as the affordability requirements of the inclusionary scenario. However, it does not include density bonus units. As such, it is not included in the feasibility analyses. It is used to illustrate the development implications of changing density programs on a development project that complies with affordability requirements, including changes in the number of market rate and below market rate units, and unit types.

2.2.6 SENSITIVITY ANALYSIS

PlaceWorks’ pro forma modelling includes sensitivity analyses that test the impact of a range of changes to key inputs. This type of analysis looks at the extent to which feasibility would be impacted under changing market or other assumptions. Inputs altered as part of the sensitivity analysis include:

- Rental rates.

- Home values.
- Project densities.
- Combinations of housing project product type, such as multifamily units, single family homes, and townhouses.

2.3 DENSITY BONUS UNITS

Most of the housing being built in Antioch today is owner-occupied. With ownership housing, the primary affordable housing challenge is that, even at a reduced price, each household must still have the ability to pay (a down payment and meet debt-to-income limits) and the willingness to pay (credit score) to qualify for a conventional mortgage. As a result, many VLI, LI and MI households cannot afford to buy the typical for-sale unit in Antioch.

Because households have to qualify for mortgage financing to buy a home (even one created under an IHO), inclusionary housing programs tend to target MI households. However, the Antioch Housing Element has identified the development of 360 to 460 affordable units for households of various income levels as the specific objective of a future IHO. A combination of income levels impacts the manner in which for-sale projects may benefit from State Density Bonus law, which provides differing percentages for bonus market-rate housing units based on income level, as shown in Table 2-2.

TABLE 2-2: DENSITY BONUS AS PERCENTAGE INCREASE IN MARKET-RATE UNITS BY INCOME

Percentage of Affordable Units Provided:	15% Affordable	10% Affordable	5% Affordable
<u>Household Income Class</u>			
Very Low-Income	50% Unit Increase	32.5% Unit Increase	20% Unit Increase
Low-Income	27.5% Unit Increase	20% Unit Increase	0% Unit Increase
Moderate-Income	10% Unit Increase	5% Unit Increase	0% Unit Increase

There is no State density bonus for LI or MI affordable units if they comprise less than 10 percent of the total number of units in a project. Some inclusionary housing programs leave it to the developer to balance the number of affordable units by income classification in order to obtain the density bonus that best supports financial feasibility. However, there is no guarantee that the market in conjunction with an inclusionary housing program with such flexibility will produce housing for all income levels.

3. For-Sale Development Prototypes

This chapter includes PlaceWorks' analyses of the impact of the seven different affordability requirements on the financial feasibility of three prototypical for-sale residential development projects. Each prototype is representative of recent development activity in Antioch. The three prototypes include:

- Prototype 1: Large Lot SFD Subdivision
- Prototype 2: Small-lot SFD Subdivision
- Prototype 3: For-Sale Townhouse Development

Each prototype discussion includes the results of the financial feasibility analyses under the scenarios described in Section 2.2.5:

1. Fully Market Rate Scenario. This is the fully-market rate project.
2. Inclusionary Scenarios. Each of these scenarios include a different affordability requirement and the associated maximum number of new units allowed under State Density Bonus Law.

As explained under Section 2.1, we first present detailed financial analyses of the 15 percent VLI inclusionary scenario for each prototype. This facilitates exploration and analysis of the impact of the maximum density bonus allowed under State law. For each prototype, we then summarize the feasibility of the six other inclusionary scenarios.

This chapter opens with a discussion of State affordability classifications and metrics. It concludes with a discussion of the potential need for disposition requirements in the inclusionary housing program, to establish purchaser qualifications and affordable unit resale restrictions.

3.1 AFFORDABLE HOUSING PAYMENTS FOR FOR-SALE HOUSING

The housing payment considered to be affordable for a given household is determined by household size and income. The calculated affordable housing payment is unrelated to the size (square footage) of the dwelling units (provided it has the appropriate number of bedrooms), the type of housing (single-family detached, townhouse, or condo), or the market-rate price of the unit. Calculated affordable housing payments for for-sale housing are provided in the following sections.

3.1.1 HOUSING INCOME CLASSIFICATIONS

There are several related but distinct income classifications used for public programs. This analysis is based on the most common classification for housing programs, the state Department of Housing and Community Development (HCD) Income Limits. Table 3-1 provides the HCD income limits for Contra Costa County for 2024. The data indicate the maximum income that a household with a given number of people can earn and be included in each income classification.

TABLE 3-1: HCD INCOME LIMITS BY HOUSEHOLD SIZE AND INCOME CLASSIFICATION; CONTRA COSTA COUNTY

Number of People:	1	2	3	4	5	6	7	8
Very Low-Income	54,500	62,300	70,100	77,850	84,100	90,350	96,550	102,800
Low-Income	84,600	96,650	108,750	120,800	130,500	140,150	149,800	159,500
Moderate-Income	130,800	149,500	168,150	186,850	201,800	216,750	231,700	246,650
Median Income	109,000	124,550	140,150	155,700	168,150	180,600	193,050	205,500

Source: California Department of Housing and Community Development, 2024 State Income Housing Limits.

Thus, a 3-person household with an annual income of \$70,100 would be classified as VLI, while a 3-person family with an annual income of \$108,750 would be classified as LI. When purchasing a home with some sort of public subsidy, support, or write-down, the household’s actual income is used to determine the affordable housing payment. For planning purposes, the maximum income for each income classification is used to determine the affordable housing payment and, thus, the affordable sales price.

3.1.2 AFFORDABLE-HOUSING SALES PRICES

The price that may be charged for affordable owner-occupied housing is based on annual income and household size. Affordable sales prices in Antioch are calculated in Table 3-2 for VLI, LI, and MI households.

TABLE 3-2: CALCULATION OF AFFORDABLE-HOUSING SALES PRICE BY HOUSEHOLD SIZE AND INCOME CLASSIFICATION (ALL DATA IN 2024 DOLLARS); ANTIOCH; 2024

Household Size:	1	2	3	4	5	6	7	8	9
Very Low-Income Households									
Annual income limit	54,500	62,300	70,100	77,850	84,100	90,350	96,550	102,800	109,028
Affordable housing cost (assumes 30% of annual income limit)	16,350	18,690	21,030	23,355	25,230	27,105	28,965	30,840	32,708
Annual utility allowance	229	282	334	389	440	472	504	504	504
Annual housing affordable payment	13,602	15,306	17,022	18,687	19,950	21,441	22,917	24,792	26,660
Monthly housing affordable payment	1,134	1,276	1,419	1,557	1,663	1,787	1,910	2,066	2,222
Other housing costs	538	605	673	739	789	847	906	980	1,054
Mortgage payment	596	671	746	819	874	939	1,004	1,086	1,168
Affordable purchase price	110,473	124,312	138,249	151,772	162,030	174,139	186,127	201,356	216,530
Low-Income Households									
Annual income	84,600	96,650	108,750	120,800	130,500	140,150	149,800	159,500	169,164
Affordable housing cost (assumes 30% of annual income limit)	25,380	28,995	32,625	36,240	39,150	42,045	44,940	47,850	50,749
Annual utility allowance	229	282	334	389	440	472	504	504	504
Annual housing affordable payment	22,632	25,611	28,617	31,572	33,870	36,381	38,892	41,802	44,701
Monthly housing affordable payment	1,886	2,134	2,385	2,631	2,823	3,032	3,241	3,484	3,725
Other housing costs	895	1,012	1,131	1,248	1,339	1,438	1,537	1,652	1,767

TABLE 3-2: CALCULATION OF AFFORDABLE-HOUSING SALES PRICE BY HOUSEHOLD SIZE AND INCOME CLASSIFICATION (ALL DATA IN 2024 DOLLARS); ANTIOCH; 2024

Household Size:	1	2	3	4	5	6	7	8	9
Mortgage payment	991	1,122	1,254	1,383	1,484	1,594	1,704	1,831	1,958
Affordable purchase price	183,812	208,007	232,421	256,421	275,085	295,479	315,873	339,507	363,054
Moderate-Income Households									
Annual income	130,800	149,500	168,150	186,850	201,800	216,750	231,700	246,650	261,598
Affordable housing cost (assumes 30% of annual income limit)	39,240	44,850	50,445	56,055	60,540	65,025	69,510	73,995	78,479
Annual utility allowance	229	282	334	389	440	472	504	504	504
Annual housing affordable payment	36,492	41,466	46,437	51,387	55,260	59,361	63,462	67,947	72,431
Monthly housing affordable payment	3,041	3,456	3,870	4,282	4,605	4,947	5,289	5,662	6,036
Other housing costs	1,442	1,639	1,835	2,031	2,184	2,346	2,508	2,686	2,863
Mortgage payment	1,599	1,817	2,034	2,251	2,421	2,601	2,780	2,977	3,173
Affordable purchase price	296,381	336,778	377,152	417,355	448,810	482,118	515,425	551,852	588,273

Notes to Table 3-2

1. Data for annual income limit by household size and income classification is from Table 3-1.
2. The total payment for housing costs for owner-occupied housing is considered to be 30 percent of household income.
3. Annual utility allowance data are based on the Housing Authority of Contra Costa County 2024 Utility Allowances.
4. The annual housing affordable payment is the affordable housing cost less the utility allowance. The monthly housing affordable payment is the annual payment divided by 12.
5. Other housing costs assume a 5 percent down payment and a 95 percent loan to value ratio and include 1.5 percent taxes, 1 percent annual private mortgage insurance, and 0.57 percent annual homeowners' insurance.
6. The mortgage payment is the monthly housing affordable payment less other housing costs. The affordable purchase price is based on the mortgage payment and assumes a 30-year fixed rate mortgage with a 5 percent down payment and a 5.5 percent annual percentage rate.

3.2 FOR-SALE DEVELOPMENT PROTOTYPES AND ANALYSES

This section describes the three for-sale development prototypes analyzed in this report, and the results of their financial feasibility analyses.

PlaceWorks defined three development prototypes for for-sale housing based on our review of recently constructed and permitted housing projects in Antioch:

- Prototype 1: Large Lot, Single Family Development. Low-density single-family housing subdivision at a gross density of 4.0 dwelling units per acre.
- Prototype 2: Small Lot, Single Family Development. Medium-density single-family housing subdivision at a gross density of 10.0 dwelling units per acre
- Prototype 3: For-Sale Townhouse Development. Medium-density townhome project comprising 70 side-by-side residential units, for a gross density of 14.9 units per acre.

These prototypes are intended to reflect generalized development patterns that are typical and/or allowable under current planning and zoning and to provide a generalized indication of the financial

feasibility impacts of inclusionary housing requirements. The prototypes do not reflect any particular lot or parcel or location in the city. The financial feasibility of any prototypes on a specific site should be expected to vary from the generalized analysis provided below.

Each prototype includes detailed analyses of the impacts of a 15 percent VLI inclusionary housing scenario on project density, revenue, costs, and feasibility. It is assumed that State Density Bonus is maximized in these analyses.

This is followed by a summary feasibility analysis for each of the six other inclusionary housing scenarios described in Section 2.1.

3.2.1 PROTOTYPE 1: LARGE LOT, SINGLE-FAMILY DEVELOPMENT

3.2.1.1 PROTOTYPE DESCRIPTION

This prototype represents a historically common form of development in Antioch. The theoretical site is 55.0 acres in size. The base scenario includes 220 houses, 46 of which are BMR units, at a gross density of 4.0 units per acre. Table 3-3 shows the types of housing and estimated sales values.

TABLE 3-3: PROTOTYPE 1 HOUSING SIZES AND SALES VALUES

Unit Type	Size (sq. ft.)	Market-Rate Sales Value	Below-Market-Rate Sales Value	Difference	
3-Bedroom	1,970	730,000	153,500	-576,000	-79.0%
4-Bedroom	2,320	830,000	170,100	-659,000	-79.5%
5-Bedroom	2,750	1,125,000	189,600	-936,000	-83.1%

Notes to Table 3-3:

1. Unit types, sizes, and market-rate sales values are PlaceWorks’ assumptions based on our assessment of the current market.
2. Below market-rate sales values are based on the data in Table 4-3, assuming that 3-bedroom units are a mix of 3- and 4-person households, 4-bedroom units are 5-person households, and 5-bedroom units are a mix of 7- and 8-person households.

As with all five analyses conducted for this report, PlaceWorks assessed the development implications of the base development scenario and seven inclusionary housing scenarios for this prototype. We compared the feasibility of the inclusionary housing scenarios to the fully market rate scenario. The number of each type/size of units resulting from the 15 percent VLI inclusionary housing scenario is provided in Table 3-4. As noted, this inclusionary housing scenario provides for the greatest number of additional units under State Density Bonus. Development summaries of the base scenario and 15 percent VLI scenario are shown in Table 3-5.

- The base development scenario includes 220 total housing units. Per the inclusionary housing scenario presented here, 15 percent of the units (33 units) are for VLI households.
- A 15 percent VLI scenario would entitle the inclusionary housing alternative to a density bonus of 50 percent, or an additional 110 market-rate units. This brings the total potential size of the inclusionary housing scenario to 330 units. This is 6.0 units per acre on the hypothetical 55-acre site.

TABLE 3-4: NUMBER OF UNITS BY TYPE AND AFFORDABILITY

Unit Type	Base Development Scenario	15% VLI Inclusionary Scenario		
	Total Number of Units	Below Market-Rate Units	Market-Rate Units	Total Number of Units
3-Bedroom	80	12	108	120
4-Bedroom	80	12	108	120
5-Bedroom	60	9	81	90
Total	220	33	297	330

TABLE 3-5: SUMMARY OF UNITS

	Base Development Scenario	15% VLI Inclusionary Scenario
Market rate units	220	297
Below market-rate units	0	33
Total number of units	220	330
Site area (acres)	55	55
Gross density (du/acre)	4.0	6.0

3.2.1.2 PROJECT REVENUE

In the following discussion of project revenues, costs and feasibility, the performance of the 15 percent VLI inclusionary housing scenario, including maximum State density bonus, is compared to a fully market-rate version of the prototype.

The estimated project revenue for Prototype 1 is presented in Table 3-6. The only income for each of the scenarios is the sales of the completed housing units. In the 15 percent VLI inclusionary housing scenario, the average per unit sales value, \$803,000 (across all market-rate and BMR units), is 8.1 percent lower than the average in a fully market rate project.

TABLE 3-6: PROTOTYPE 1 PROJECT INCOME

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Average sales value	874,000	803,000
Gross sales value	192,300,000	265,000,000
Less sales commission and marketing	-9,610,000	-13,260,000
Total Net Sales Value	182,700,000	252,000,000

Notes to Table 3-6:

1. The average sales value is based on the sales values in Table 4-4 and the number of units in Table 4-5. The gross sales value is the average unit value multiplied by the total number of units.
2. The analysis assumes a 5.0 percent sales commission. The total net sales value is the gross sales value less the sales commission.

3.2.1.3 PROJECT COSTS

Estimated project costs are provided in Table 3-7. The overall cost increases with additional units, from \$142 million for the fully market rate project to \$227 million for the inclusionary housing scenario. The cost per unit also increases, even with fixed costs, such as land acquisition, spread across more units, and less roadway per unit. The analysis estimates the per unit cost at \$648,000 for the fully market rate project and \$688,000 for the 15 percent VLI inclusionary housing scenario

TABLE 3-7: PROTOTYPE 1 PROJECT COSTS

	Fully Market Rate Project	15% VLI Inclusionary Scenario
<u>Land Cost</u>		
Estimated property value	23,400,000	23,400,000
Due diligence	818,000	818,000
Estimated land acquisition cost	24,200,000	24,200,000
<u>Hard Costs</u>		
Site work	10,920,000	27,400,000
Building construction	102,300,000	153,500,000
Hard cost subtotal	113,200,000	180,800,000
<u>Soft Costs</u>		
Design, entitlement, and other soft costs @10.0%	11,320,000	18,080,000
Contingency @10.0%	11,320,000	18,080,000
Total development impact fees (includes city, school district & other)	6,750,000	10,120,000
Soft costs subtotal	29,400,000	46,300,000
<u>Total Development Cost</u>		
Total cost (before financing)	142,600,000	227,000,000
- per unit	648,000	688,000

Notes to Table 3-7:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values. The analysis assumes a 5 percent of land cost allowance for due diligence activities related to land acquisition. The cash flow model assumes monthly option payments of 1 percent of the estimated property value during the entitlement period, but the option payments are part of the overall payment for land acquisition rather than an additional cost.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company’s 2024 National Building Cost Manual, with the source’s recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$18,561 per dwelling unit plus \$5.17 per square foot (for school district fees). The analysis assumes that development impact fees are charged to market-rate and below-market-rate units. The city could waive development impact fees for the below-market-rate units, which could lessen the need for other subsidies, primarily the extent of the additional density bonus.

3.2.1.4 FINANCIAL FEASIBILITY

Table 3-8 summarizes the financial feasibility of the market rate and 15 percent VLI inclusionary scenarios. The analysis finds that the fully market rate project is financially feasible, generating an IRR of 18.3 percent. This is to be expected, however, because this is the type of development that has been occurring in Antioch. Requiring 15 percent VLI affordable housing and relying on the State Density Bonus Law to provide the incentive is not financially feasible, with an IRR of -1.6 percent.

TABLE 3-8: PROTOTYPE 1 FINANCIAL FEASIBILITY SUMMARY

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Development cost	166,800,000	251,000,000
Financing cost	2,190,000	3,330,000
Total project cost	169,000,000	255,000,000
Equity required	37,500,000	52,700,000
Net project income	182,700,000	252,000,000
Project IRR	18.3%	-1.6%
Surplus/(Gap) w/15% IRR	2,600,000	-15,320,000
Residual land value w/15% IRR	26,800,000	8,860,000

Notes to Table 3-8:

1. Financing cost includes construction loan fees of 2.5 percent and carried interest for a 6.85 annual percentage rate, based on data from realtyrates.com. The total project costs are the development cost, from Table 3-6, plus the financing cost.
2. The construction loan amount is based on 50 percent of land acquisition and 84 percent of other construction costs, based on data from realtyrates.com.
3. The IRR is an annual rate of return based on monthly cash flow, assuming a 6-month entitlement period, 4 months of site work, 18 months of construction, and 3 months to complete sales.

The analysis considered other alternatives to achieve financial feasibility. The inclusionary housing project would require a 63 percent reduction in the sales value of the land in order to be financially feasible. The analysis also assessed changes in market-rate sales value. If the market could support a 7.4 percent in the price for new market-rate housing, the inclusionary housing scenario would be financially feasible. As noted in Chapter 2, this analysis is based on current housing prices, so an increase in sales prices for market-rate units is not assumed in the feasibility assessment.

3.2.1.5 FEASIBILITY SUMMARY: INCLUSIONARY SCENARIOS

Table 3-9 summarizes the financial feasibility of the market rate scenario of Prototype 1, as compared to all seven inclusionary scenarios assessed in this analysis.

TABLE 3-9: PROTOTYPE 1 FEASIBILITY SUMMARY

	Large Lot, SFD Subdivision
Base Market Rate Project	
No inclusionary housing	18.3%
15% Inclusionary Requirement	
15% Very low income	-1.6%
15% Low income	-7.1%
15% Moderate income	-14.3%
10% Inclusionary Requirement	
10% Very low income	-2.6%
10% Low income	-5.3%
10% Moderate income	-12.1%
5% Inclusionary Requirement	
5% Very low income	-1.3%

As shown in the Table 3-9, Prototype 1 would not be feasible under any inclusionary housing scenarios. This is primarily due to the fact that the affordable units would have to be sold at a 79 to 83 percent reduction in price relative to the sales price of market-rate housing. Even a 50 percent increase in the allowable density fails to generate a return sufficient to compensate for this difference.

3.2.2 PROTOTYPE 2: SMALL LOT, SINGLE-FAMILY DETACHED HOUSING SUBDIVISION

3.2.2.1 PROTOTYPE DESCRIPTION

This prototype is similar to Prototype 1. It is a single-family detached residential subdivision, but it is developed at a higher gross density. The base scenario includes 303 houses on a 30.2-acre site, for a gross density of 10.0 units per acre. Table 3-10 shows the types of housing and estimated sales values. As will be discussed, the 15 percent VLI inclusionary scenario includes additional market rate and BMR townhouses, which are required to achieve the increase in density that is needed to make an inclusionary requirement feasible for this prototype.

TABLE 3-10: PROTOTYPE 2 HOUSING SIZES AND SALES VALUES

Unit Type	Size (sq. ft.)	Market-Rate Sales Value	Below-Market-Rate Sales Value	Difference	
Single-Family Detached Housing					
3-Bedroom	1,480	584,104	135,715	-448,389	-76.8%
4-Bedroom	1,970	682,251	153,490	-528,762	-77.5%
5-Bedroom	2,270	788,786	170,144	-618,642	-78.4%
Townhouses					
2-Bed Townhouse	1,225	379,206	135,715	-243,491	-64.2%
3-Bed Townhouse	1,460	462,734	153,490	-309,244	-66.8%
3-Bed Townhouse	1,758	558,862	153,490	-405,372	-72.5%

Notes to Table 3-10:

1. Unit types, sizes, and market-rate sales values are PlaceWorks assumptions based on our assessment of the current market.
2. Below market-rate sales values are based on the data in Table 4-3, assuming that 3-bedroom units are a mix of 3- and 4-person households, 4-bedroom units are 5-person households, and 5-bedroom units are a mix of 7- and 8-person households.

As with all five prototype analyses conducted for this report, PlaceWorks assessed the development implications of the base development scenario and even inclusionary housing scenarios for this prototype. We compared the feasibility of the inclusionary housing scenario to the fully market rate scenario. The number of each type & size of units resulting from in the 15 percent VLI inclusionary housing scenario is provided in Table 3-11. As noted, this inclusionary housing scenario provides for the greatest number of additional units under State Density Bonus. Development summaries of the base scenario and 15 percent VLI scenario are shown in Table 3-12.

- The base development scenario includes 303 total housing units. Per the inclusionary scenario presented here, 15 percent of the units (46 units) are for VLI income households.

- A 15 percent VLI scenario would entitle the inclusionary housing alternative to a density bonus of 50 percent, or an additional 152 market-rate units. This brings the total potential size of the inclusionary housing scenario to 455 units. This is 15.1 units per acre on the hypothetical 30.2-acre site.

TABLE 3-11: NUMBER OF UNITS BY TYPE AND AFFORDABILITY

Unit Type	Base Development Scenario	15% VLI Inclusionary Scenario		
	Total Number of Units	Below-Market-Rate Units	Market-Rate Units	Total Number of Units
3-Bedroom	86	0	65	65
4-Bedroom	125	0	94	94
5-Bedroom	92	0	69	69
2-Bed Townhouse		13	51	64
3-Bed Townhouse		19	75	94
3-Bed Townhouse		14	55	69
Total	303	46	409	455

TABLE 3-12: SUMMARY OF UNITS

	Base Development Scenario	15% VLI Inclusionary Scenario
Market rate units	303	409
Below market-rate units	0	46
Total number of units	303	455
Site area (acres)	30.2	30.2
Gross density (du/acre)	10.0	15.1

3.2.2.2 PROJECT REVENUE

The estimated project revenue for Prototype 2 is presented in Table 3-13. The only income for each of the scenarios is the sales of the completed housing units. In order to achieve the target gross density of 15.1 units per acre, the inclusionary housing scenario would require changing some of the detached units into townhouses, as well as adding additional market rate and BMR townhouses. The total number of townhouses required would be 227. As a result, the average per unit sales value, \$545,000 (across all market-rate and BMR units), is 20.6 percent lower than the average in a fully market rate version of the project.

TABLE 3-13: PROTOTYPE 2 PROJECT INCOME

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Average sales value	687,000	545,000
Gross sales value	208,000,000	248,000,000
Less sales commission	-10,400,000	-12,410,000
Total Net Sales Value	197,700,000	236,000,000

Notes to Table 3-13:

1. The average sales value is based on the sales values in Table 4-8 and the number of units in Table 3-9. The gross sales value is the average unit value multiplied by the total number of units,
2. The analysis assumes a 6.0 percent sales commission. The total net sales value is the gross sales value less the sales commission.

3.2.2.3 PROJECT COSTS

The estimated project costs are provided in Table 3-14. The overall cost increases with additional units, rising from just over \$163 million for the fully market rate version, to just over \$196 million for the inclusionary housing scenario. However, the cost per unit decreases with fixed costs, such as land acquisition, spread across more units, and less roadway per unit with smaller lots sizes. The analysis estimates the per unit cost at \$539,000 for the fully market rate scenario and \$431,000 for the 15 percent VLI inclusionary housing scenario.

TABLE 3-14: PROTOTYPE 2 PROJECT COSTS

	Fully Market Rate Project	15% VLI Inclusionary Scenario
<u>Land Cost</u>		
Estimated property value	15,130,000	15,130,000
Due diligence	529,494	529,494
Estimated land acquisition cost	15,660,000	15,660,000
<u>Hard Costs</u>		
Site work	8,860,000	11,290,000
Building construction	121,900,000	143,200,000
Hard cost subtotal	130,800,000	154,500,000
<u>Soft Costs</u>		
Design, entitlement, and other soft costs @10.0%	13,080,000	15,450,000
Contingency @10.0%	13,080,000	15,450,000
Total development impact fees (includes city, school district & other)	8,600,000	11,610,000
Soft costs subtotal	34,800,000	42,500,000
<u>Total Development Cost</u>		
Total cost (before financing)	165,600,000	197,000,000
- per unit	546,000	433,000

Notes to Table 3-14:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values. The analysis assumes a 5 percent of land cost allowance for due diligence activities related to land acquisition. The cash flow model assumes monthly option payments of 1 percent of the estimated property value during the entitlement period, but the option payments are part of the overall payment for land acquisition rather than an additional cost.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company's 2022 National Building Cost Manual, with the source's recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$54,209 per single-family dwelling unit and \$43,259 per townhouse unit. The analysis assumes that development impact fees are charged to market-rate and below-market-rate units. The city could waive development impact fees for the below-market-rate units, which could lessen the need for other subsidies, primarily the extent of the additional density bonus.

3.2.2.4 FINANCIAL FEASIBILITY

Table 3-15 summarizes the financial feasibility of the market rate and 15 percent VLI inclusionary scenarios. The analysis finds that the market-rate project is financially feasible, generating an IRR of 19.9 percent. This is a very lucrative return, but it is not surprising given the density the scenario achieves. As shown in Table 3-15, the feasibility of Prototype 2 increases to 24.1 percent IRR with a 15 percent VLI affordable housing requirement and maximization of State Density Bonus Law.

TABLE 3-15: PROTOTYPE 2 FINANCIAL FEASIBILITY SUMMARY

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Development cost	181,200,000	213,000,000
Financing cost	2,400,000	2,810,000
Total project cost	183,600,000	215,000,000
Required equity	37,500,000	43,100,000
Net project income	197,700,000	236,000,000
Project IRR	21.0%	26.5%
Surplus/(Gap) w/15% IRR	6,870,000	11,150,000
Residual land value w/15% IRR	22,000,000	26,300,000

Notes to Table 3-15:

1. Financing cost includes construction loan fees of 2.5 percent and carried interest for a 6.85 annual percentage rate, based on data from realtyrates.com. The total project costs are the development cost, from Table 3-6, plus the financing cost.
2. The construction loan amount is based on 50 percent of land acquisition and 84 percent of other construction costs, based on data from realtyrates.com.
3. The IRR is an annual rate of return based on monthly cash flow, assuming a 6-month entitlement period, 4 months of site work, 18 months of construction, and 3 months to complete sales.

It is important to note, however, that this development prototype is financially feasible under an inclusionary housing requirement because the analysis assumes that many of the single-family detached housing units are replaced with single-family attached housing units in order to achieve the allowable density bonus. While this meets the standards of the state density bonus law, the market may not support this change in the housing product type.

3.2.2.5 FEASIBILITY SUMMARY: INCLUSIONARY SCENARIOS

Table 3-16 summarizes the financial feasibility of the market rate scenario of Prototype 2, as compared to all seven inclusionary scenarios assessed in this analysis.

TABLE 3-16 PROTOTYPE 2 FEASIBILITY SUMMARY

	Small Lot, SFD Subdivision
Base Market Rate Project	
No inclusionary housing	21.0%
15% Inclusionary Requirement	
15% Very low income	26.5%
15% Low income	19.9%
15% Moderate income	11.1%
10% Inclusionary Requirement	
10% Very low income	24.6%
10% Low income	28.8%
10% Moderate income	-13.4%
5% Inclusionary Requirement	
5% Very low income	24.4%

As shown in Table 3-16, Prototype 2 could be financially feasible with 15, 10, and 5 percent inclusionary requirements, provided that the developer is able to choose which income category to serve. This prototype is not feasible when building for moderate-income households. As mentioned above, however, the financial feasibility is contingent on replacing some single-family detached housing units with attached housing units.

3.2.3 PROTOTYPE 3: FOR-SALE TOWNHOMES

3.2.3.1 PROTOTYPE DESCRIPTION

This prototype is for a medium-density townhome project. The development comprises 70 side-by-side residential units on a 4.7-acre site, for a gross density of 14.9 units per acre. In the base scenario, 10 of the 70 units are BMR units. Table 3-17 shows the types of housing and estimated sales values.

TABLE 3-17: PROTOTYPE 3 HOUSING UNIT SIZES AND SALES VALUES

Unit Type	Size (sq. ft.)	Market-Rate Sales Value	Below-Market-Rate Sales Value	Difference	
2 bed / 2 bath	1,225	379,206	135,715	-243,491	-64.2%
3 bed / 3 bath	1,460	462,734	153,490	-309,244	-66.8%
3 bed / 3.5 bath	1,758	566,584	170,144	-396,441	-70.0%

Notes to Table 3-17:

1. Unit types, sizes, and market-rate sales values are PlaceWorks’ assumptions based on our assessment of the current market.
2. Below market-rate sales values are based on the data in Table 3-3, assuming that 1-bedroom units are a mix of 1- and 2-person households, and 2-bedroom units are 3-person households.

As with all five analyses conducted for this report, PlaceWorks assessed the development implications of the base development scenario and seven inclusionary housing scenarios for this prototype. We compared the feasibility of the inclusionary housing scenarios to the fully market rate scenario. The number of each type/size of units resulting from the 15 percent VLI inclusionary housing scenario is provided in Table 3-18. As noted, this inclusionary housing scenario provides for the greatest number of additional units under State Density Bonus. Development summaries of the base scenario and 15 percent VLI scenario are shown in Table 3-19.

- The base development scenario includes 70 townhomes. Per the inclusionary housing scenario presented here, 15 percent of the units (10 units) are for VLI households. The project density is about 15 units per acre on the 4.7-acre site.
- The 15 percent VLI scenario would entitle the inclusionary housing alternative to a density bonus of 50 percent, or an additional 34 market-rate units. This brings the total potential size of the inclusionary housing scenario to 104 units. This is about 22.0 units per acre on the hypothetical 4.7-acre site.

TABLE 3-18: NUMBER OF UNITS BY TYPE AND AFFORDABILITY

Unit Type	Base Development Scenario	15% VLI Inclusionary Scenario		
	Total Number of Units	Below-Market-Rate Units	Market-Rate Units	Total Number of Units
2 bed / 2 bath	14	2	19	21
3 bed / 3 bath	35	5	47	52
3 bed / 3.5 bath	21	3	28	31
Total	70	10	94	104

TABLE 3-19: UNIT SUMMARY

	Base Development Scenario	15% VLI Inclusionary Scenario
Market rate units	70	94
Below market-rate units	0	10
Total number of units	70	104
Site area (acres)	4.7	4.7
Gross density (du/acre)	14.9	22.1

3.2.3.2 PROJECT REVENUE

The estimated project revenue for Prototype 3 is presented in Table 3-20. The only income for each of the scenarios is the sales of the completed housing units. In the 15 percent VLI inclusionary scenario, the average per unit sales value, \$446,000 (across all market-rate and BMR units), is 6.5 percent lower than the average in a fully market rate version of the project.

TABLE 3-20: PROTOTYPE 3 PROJECT INCOME

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Average sales value	477,000	446,000
Gross sales value	33,400,000	46,400,000
Less sales commission	-1,670,000	-2,320,000
Total Net Sales Value	31,700,000	44,000,000

Notes to Table 3-20:

1. The average sales value is based on the sales values in Table 3-17 and the number of units in Table 3-18. The gross sales value is the average unit value multiplied by the total number of units.
2. The analysis assumes a 6.0 percent sales commission. The total net sales value is the gross sales value less the sales commission.

3.2.3.3 PROJECT COSTS

Estimated project costs are provided in Table 3-21. The overall cost increases with additional units, rising from \$26.5 million for the fully market rate project, to \$40.6 million for the 15 percent VLI inclusionary housing scenario. With townhomes, there are fewer opportunities to spread costs across more units and lower costs with less road frontage constructed. To increase the density, each you could be built with a smaller footprint but with an additional story. However, higher townhouses may be less marketable. Unlike the previous two scenarios, the cost per unit increases somewhat with an increasing number of units. The analysis estimates the per unit cost at \$386,000 for the base scenario and \$381,000 for the inclusionary housing scenario.

	Fully Market Rate Project	15% VLI Inclusionary Scenario
<u>Land Cost</u>		
Estimated property value	2,440,000	2,440,000
Due diligence	500,000	500,000
Estimated land acquisition cost	2,350,000	2,350,000
<u>Hard Costs</u>		
Site work	1,845,000	2,310,000
Building construction	19,180,000	28,500,000
Hard cost subtotal	21,000,000	30,800,000
<u>Soft Costs</u>		
Design, entitlement, and other soft costs @10.0%	2,100,000	3,080,000
Contingency @10.0%	2,100,000	3,080,000
Total development impact fees (includes city, school district & other)	1,828,000	2,710,000
Soft costs subtotal	6,030,000	8,870,000
<u>Total Development Cost</u>		
Total cost (before financing)	27,100,000	39,700,000
- per unit	387,000	381,000

Notes to Table 3-21:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values. The analysis assumes a 5 percent of land cost allowance for due diligence activities related to land acquisition. The cash flow model assumes monthly option payments of 1 percent of the estimated property value during the entitlement period, but the option payments are part of the overall payment for land acquisition rather than an additional cost.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company's 2022 National Building Cost Manual, with the source's recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$33,024 per one-bedroom unit and \$43,259 per two-bedroom unit. The analysis assumes that development impact fees are charged to market-rate and below-market-rate units. The city could waive development impact fees for the below-market-rate units, which could lessen the need for other subsidies, primarily the extent of the additional density bonus.

3.2.3.4 FINANCIAL FEASIBILITY

Table 3-22 summarizes the financial feasibility of the market rate and 15 percent VLI inclusionary scenarios. The analysis finds that the fully market rate project is financially feasible, generating an IRR of 20.6 percent. This is a very lucrative return, but it is not surprising given the density the scenario achieves. As shown in Table 3-22, this prototype is financially feasible with a 15 percent VLI affordable housing requirement, although it is less lucrative than the market-rate scenario.

TABLE 3-22: PROTOTYPE 3 FINANCIAL FEASIBILITY SUMMARY

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Development cost	29,500,000	42,100,000
Financing cost	389,000	557,000
Total project cost	29,900,000	42,700,000
Required equity	6,050,000	8,320,000
Net project income	31,700,000	44,000,000
Project IRR	20.6%	15.5%
Surplus/(Gap) w/15% IRR	650,000	153,500
Residual land value w/15% IRR	3,090,000	2,510,000

Notes to Table 3-22:

1. Financing cost includes construction loan fees of 2.5 percent and carried interest for a 6.85 annual percentage rate, based on data from realtyrates.com. The total project costs are the development cost, from Table 3-6, plus the financing cost.
2. The construction loan amount is based on 50 percent of land acquisition and 84 percent of other construction costs, based on data from realtyrates.com.
3. The IRR is an annual rate of return based on monthly cash flow, assuming a 6-month entitlement period, 4 months of site work, 18 months of construction, and 3 months to complete sales.

3.2.3.5 FEASIBILITY SUMMARY: INCLUSIONARY SCENARIOS

Table 3-23 summarizes the financial feasibility of the Prototype 3 market rate scenario and all seven inclusionary scenarios assessed in this analysis.

TABLE 3-23: PROTOTYPE 3 FEASIBILITY SUMMARY

	For-Sale Townhouses
Base Market Rate Project	
No inclusionary housing	20.6%
15% Inclusionary Requirement	
15% Very low income	15.5%
15% Low income	12.8%
15% Moderate income	19.9%
10% Inclusionary Requirement	
10% Very low income	16.3%
10% Low income	12.6%
10% Moderate income	19.8%
5% Inclusionary Requirement	
5% Very low income	18.2%

As shown in Table 3.23, the hypothetical townhouse project is generally financially feasible under 15, 10, and 5 percent inclusionary requirements provided that the developer is able to choose which income category to serve. With 15 and 10 percent inclusionary requirements, this prototype is not financially feasible when providing housing affordable to moderate income households.

3.3 DISPOSITION REQUIREMENTS

An inclusionary ordinance will likely require that households purchasing an affordable unit qualify based on income and that the sales price qualify as affordable to that household. The program will also have to identify what restriction, if any, will be applied to future resales of these affordable units. Different state and federal programs have different requirements.

We recommend that the city's ordinance restrict future resales so that the purchasing household also be income-qualified and the sales price represents an affordable housing payment for the purchasing household. We further recommend that this restriction be enforced by a deed restriction for a period of 45 years. This would be consistent with some federal affordable housing programs, but it is worth noting that it is unlikely that federal funding would be involved with mixed-income inclusionary housing projects.

As an alternative, Antioch could consider using provisions similar to the State Density Bonus Law. The original purchaser would still have to be income-qualified and the sales price would have to be qualified as affordable to the purchasing household. The purchasing household would not be restricted from selling the property in the future at then market-rates or to selling to households that are not qualified as low income. However, there would be an equity sharing agreement, and the city would receive the amount of the original sales price write-down and a proportional share of any appreciation in value. Antioch could then use its share of the sales price to support other affordable housing projects and programs.

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4. Rental Housing Prototypes

This chapter includes PlaceWorks' analyses of the impact of affordability requirements on the financial feasibility of two prototypical rental housing development projects. Each prototype is representative of recent development activity in Antioch. The two prototypes include:

- Prototype 4: Medium/High Density Multifamily Flats. Medium-scale apartment development with 83 units at a gross density of 20.2 units per acre.
- Prototype 5: High Density Multifamily Flats. Large-scale apartment development with 237 units at a gross density of 26.9 units per acre.

Each prototype discussion includes the results of the financial feasibility analysis under the scenarios described in Section 2.2.5:

1. Fully Market Rate Scenario. This is the fully-market rate project.
2. Inclusionary Scenarios. Each of these scenarios include a different affordability requirement and the associated maximum number of new units allowed under State Density Bonus Law.

As explained under Section 2.1, we first present detailed financial analyses of the 15 percent VLI inclusionary scenario for each prototype. This facilitates exploration and analysis of the impact of the maximum density bonus allowed under State law. For each prototype, we then summarize the feasibility of the six other inclusionary scenarios.

This chapter also includes discussions of whether any of the scenarios would generate a feasibility surplus that could be used to pay a fee in lieu of providing affordable rental units on-site.

This chapter opens with a discussion of affordable household rents.

4.1 AFFORDABLE HOUSEHOLD RENTS

The affordable rent for a household is based on annual income and household size. Affordable rents are calculated in Table 4-1 for VLI, LI, and MI households.

TABLE 4-1: CALCULATION OF AFFORDABLE RENTS BY HOUSEHOLD SIZE AND INCOME CLASSIFICATION (ALL DATA IN 2024 DOLLARS); ANTIOCH; 2024

Household Size:	1	2	3	4	5	6	7	8	9
Very Low-Income Households									
Annual income limit	54,500	62,300	70,100	77,850	84,100	90,350	96,550	102,800	109,028
Affordable housing cost (assumes 30% of annual income limit)	16,350	18,690	21,030	23,355	25,230	27,105	28,965	30,840	32,708
Annual utility allowance	208	250	291	339	381	407	434	434	434
Annual affordable rent	13,854	15,690	17,538	19,287	20,658	22,221	23,757	25,632	27,500
Monthly affordable rent	1,155	1,308	1,462	1,607	1,722	1,852	1,980	2,136	2,292
Low-Income Households									
Annual income limit	84,600	96,650	108,750	120,800	130,500	140,150	149,800	159,500	169,164
Affordable housing cost (assumes 30% of annual income limit)	25,380	28,995	32,625	36,240	39,150	42,045	44,940	47,850	50,749
Annual utility allowance	208	250	291	339	381	407	434	434	434
Annual affordable rent	22,884	25,995	29,133	32,172	34,578	37,161	39,732	42,642	45,541
Monthly affordable rent	1,907	2,166	2,428	2,681	2,882	3,097	3,311	3,554	3,795
Moderate-Income Households									
Annual income limit	130,800	149,500	168,150	186,850	201,800	216,750	231,700	246,650	261,598
Affordable housing cost (assumes 30% of annual income limit)	39,240	44,850	50,445	56,055	60,540	65,025	69,510	73,995	78,479
Annual utility allowance	208	250	291	339	381	407	434	434	434
Annual affordable rent	36,744	41,850	46,953	51,987	55,968	60,141	64,302	68,787	73,271
Monthly affordable rent	3,062	3,488	3,913	4,332	4,664	5,012	5,359	5,732	6,106

Notes to Table 4.1:

1. Data for annual income limit by household size and income classification is from Table 3-1.
2. The total affordable rent payment is considered to be 30 percent of household income.
3. Annual utility allowance data are based on Contra Costa County Utility Allowances.
4. The annual housing affordable payment is the affordable housing cost less the utility allowance. The monthly housing affordable payment is the annual payment divided by 12.

4.2 FOR-RENT DEVELOPMENT PROTOTYPES AND ANALYSES

PlaceWorks defined two development scenarios for for-rent housing based on our review of recently constructed and permitted housing projects in Antioch:

- Prototype 4: Medium/High Density Multifamily Flats. Medium-scale apartment development with 83 units at a gross density of 20.2 units per acre.
- Prototype 5: High Density Multifamily Flats. Large-scale apartment development with 237 units at a gross density of 26.9 units per acre.

These prototypes are intended to reflect typical for-rent multifamily development that can be expected to be built in Antioch. The prototypes are intended to provide a generalized indication of the financial feasibility impacts of inclusionary housing requirements. The prototypes do not reflect any particular lot or parcel or location in the city.

4.2.1 PROTOTYPE 4: MEDIUM-HIGH MULTIFAMILY DEVELOPMENT

4.2.1.1 PROTOTYPE DESCRIPTION

This prototype represents a fairly common suburban multifamily development. At just over 20 units per acre, this scale of development is fairly easy to arrange on a site, and it is fairly easy to accommodate all required parking and open space. This prototype has a three-story apartment building with 83 units on 4.1 acres. Table 4-2 shows the types of residential units and estimated rents.

TABLE 4-2: PROTOTYPE 4 HOUSING SIZES AND MONTHLY RENTS (ASSUMING A 9.1 PERCENT RENT INCREASE)

Unit Type	Size (sq. ft.)	Market-Rate Rents	Below-Market-Rate Rents	Difference	
1-bedroom	850	2,168	1,191	-978	-45.1%
2-bedroom	950	2,211	1,393	-818	-37.0%
3-bedroom	1,200	2,265	1,575	-690	-30.5%

Notes to Table 4-2:

1. Unit types, sizes, and market-rate rents are PlaceWorks’ assumptions based on our assessment of the current market and reflect an increase of 9.1 percent over current market rents.
2. Below-market-rate rents are based on the data in Table 4-1, assuming that studio units are 1-person households, 1-bedroom units are occupied by a mix of 1- and 2-person households, 2-bedroom units are occupied by 3-person households, and 3-bedroom units are occupied by a mix of 3- and 4-person households.

As with all five prototype analyses conducted for this report, PlaceWorks assessed the development implications of the base development scenario and seven inclusionary housing scenarios for this prototype. We compared the feasibility of the inclusionary housing scenarios to the fully market rate scenario. The number of each type/size of units resulting from the 15 percent VLI inclusionary housing scenario is provided in Table 4-3. As noted, this inclusionary housing scenario provides for the greatest number of additional units under State Density Bonus. Development summaries of the base scenario and 15 percent VLI scenario are shown in Table 4-4.

- The base development scenario includes 83 total housing units. Per the inclusionary housing scenario presented here, 15 percent of the units (13 units) are for VLI households.
- A 15 percent VLI scenario would entitle the inclusionary housing alternative to a density bonus of 50 percent, or an additional 42 market-rate units. This brings the total potential size of the inclusionary housing scenario to 125 units. This is about 30.5 units per acre on the hypothetical 4.1-acre site.

TABLE 4-3: NUMBER OF UNITS BY TYPE AND AFFORDABILITY

Unit Type	Base Development Scenario	15% VLI Inclusionary Scenario		
	Total Number of Units	Below-Market-Rate Units	Market-Rate Units	Total Number of Units
1-bedroom	32	5	43	48
2-bedroom	39	6	53	59
3-bedroom	12	2	16	18
Total	83	13	112	125

TABLE 4-4: UNIT SUMMARY

	Base Development Scenario	15% VLI Inclusionary Scenario
Market rate units	83	112
Below market-rate units	0	13
Total number of units	83	125
Site area (acres)	4.1	4.1
Gross density (du/acre)	20.2	30.5

4.2.1.2 PROJECT REVENUE

The estimated project revenue for Prototype 4 is presented in Table 4-5. The income for each of the scenarios is the monthly rents for the residential units. The estimated average monthly rent in the 15 percent VLI inclusionary housing scenario, \$2,110 (across all market-rate and BMR units), is 4.0 percent lower than the average in a fully market rate version of the project. The analysis assumes a 33.5 percent allowance for vacancies and operations in the first full year of occupancy. The annual net operating income increases from \$1.45 million in the fully market rate version, to \$2.11 million in the inclusionary housing scenario.

TABLE 4-5: PROTOTYPE 4 PROJECT INCOME

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Number of units	83	125
Average monthly rent	2,200	2,110
Gross annual income	2,190,000	3,170,000
Less vacancies and operations	-735,000	-1,062,000
Annual net operating income	1,459,000	2,110,000

Notes to Table 4-5:

1. The average monthly rent is based on the rent by unit type in Table 4-3 and the number of units in Table 4-4. The gross annual income is the average monthly rent multiplied by 12 months.
2. The analysis assumes a 33.5 percent allowance for vacancies and operations. The national average across all apartments is 45.8 percent, based on data from realtor.com. A new apartment development in a community with very low multifamily vacancies can be expected to perform much better than the national average.

4.2.1.3 PROJECT COSTS

The estimated project costs are provided in Table 4-6. The total development cost increases with additional units, rising from \$21.62 million for the fully market rate project, to \$32.19 million for the 15 percent VLI inclusionary housing scenario. However, the cost per unit decreases with fixed costs, such as land acquisition, spread across more units. The analysis estimates the per unit cost at 261,000 for the fully market rate project and 257,000 for the inclusionary housing scenario.

TABLE 4-6: PROTOTYPE 4 PROJECT COSTS

	Fully Market Rate Project	15% VLI Inclusionary Scenario
<u>Land Cost</u>		
Estimated property value	2,130,000	2,130,000
Due diligence	500,000	500,000
Estimated land acquisition cost	2,050,000	2,050,000
<u>Hard Costs</u>		
Site work	1,761,000	2,260,000
Building construction	14,940,000	22,600,000
Hard cost subtotal	16,700,000	24,900,000
<u>Soft Costs</u>		
Design, entitlement, and other soft costs @10.0%	1,670,000	2,490,000
Contingency @10.0%	1,670,000	2,490,000
Total development impact fees (includes city, school district & other)	1,639,000	2,280,000
Soft costs subtotal	4,980,000	7,250,000
<u>Total Development Cost</u>		
Total cost (before financing)	21,700,000	32,100,000
- per unit	261,000	257,000

Notes to Table 4-6:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values. The analysis assumes a 5 percent of land cost allowance for due diligence activities related to land acquisition. The cash flow model assumes monthly option payments of 1 percent of the estimated property value during the entitlement period, but the option payments are part of the overall payment for land acquisition rather than an additional cost.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company's 2022 National Building Cost Manual, with the source's recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$29,000 per studio unit, \$33,024 per 1-bedroom unit, and \$43,259 per 2- or more bedroom unit. The analysis assumes that development impact fees are charged to market-rate and below-market-rate units. The city could waive development impact fees for the below-market-rate units, which could lessen the need for other subsidies, primarily the extent of the additional density bonus.

4.2.1.4 FINANCIAL FEASIBILITY

Table 4-7 summarizes the financial feasibility of a fully market-rate version of the project to the 15 percent VLI inclusionary housing scenario. The analysis finds that the fully market rate version of the project is financially feasible, generating a yield of 6.1 percent. Requiring 15 percent of the units to be affordable to VLI households while maximizing State Density Bonus law is also financially feasible, generating a yield of 6.2 percent.

TABLE 4-7: PROTOTYPE 4 FINANCIAL FEASIBILITY SUMMARY

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Development cost	23,800,000	34,200,000
Financing cost	123,900	180,400
Total project cost	23,900,000	34,400,000
Required equity	4,930,000	6,810,000
Year 1 NOI (before debt service and taxes)	1,459,000	2,110,000
Cash-on-cash yield	6.1%	6.2%
Surplus/(Gap) w/6% Yield	306,000	730,860
Residual land value w/6% yield	2,360,000	2,784,720

Notes to Table 4-7:

1. Financing cost includes construction loan fees of 2.5 percent and carried interest for a 6.85 annual percentage rate, based on data from realtyrates.com. The total project costs are the development cost, from Table 4-6, plus the financing cost.
2. The cash-on-cash yield annual rate of return in the first full year of occupancy based on the net operating income after debt service and taxes divided by the required equity investment.

The analysis indicates that this development prototype could be financially feasible with a 15 percent VLI affordable housing requirement. However, the feasibility is contingent upon going from a three-story apartment building to a 4-story apartment building and the developer provide less per unit parking in order to accommodate the increase to a density of 30 units per acre.

4.2.1.5 FEASIBILITY SUMMARY: INCLUSIONARY SCENARIOS

Table 4-8 summarizes the financial feasibility of the market rate scenario and all seven inclusionary scenarios assessed in this analysis.

TABLE 4-8: PROTOTYPE 4 FEASIBILITY SUMMARY

	Medium/High Density Multifamily Flats
Base Market Rate Project	
No inclusionary housing	6.1%
15% Inclusionary Requirement	
15% Very low income	6.2%
15% Low income	4.9%
15% Moderate income	5.2%
10% Inclusionary Requirement	
10% Very low income	6.1%
10% Low income	4.8%
10% Moderate income	5.0%
5% Inclusionary Requirement	
5% Very low income	6.1%

As shown in Table 4-8, the financial feasibility of Prototype 4 is dependent on the density increase associated with providing VLI units. The yield of Prototype 4 falls below 6.0 percent when it complies with all LI and MI inclusionary requirements. The analysis indicates that this prototype could be feasible with 10, 10, and 5 percent inclusionary requirements if the developer is allowed to choose which income category to serve. However, the feasibility is contingent on going to four stories and obtaining a parking reduction through the state density bonus law.

4.2.2 PROTOTYPE 5: LARGER-SCALE APARTMENT DEVELOPMENT

4.2.2.1 PROTOTYPE DESCRIPTION

This prototype represents a suburban multifamily development at a scale and density that is not currently common in Antioch but that does occur elsewhere in the state and is consistent with the direction of housing and development policy in the current Antioch general plan update. This prototype includes a four-story apartment building with 237 units on 8.8 acres, resulting in a gross density of 26.9 units per acre. Table 4-9 shows the types of residential units and estimated rents.

TABLE 4-9: PROTOTYPE 5 HOUSING SIZES AND MONTHLY RENTS

Unit Type	Size (sq. ft.)	Market-Rate Rents	Below-Market-Rate Rents	Difference	
1-bedroom A	700	2,182	1,191	-992	-45.5%
1-bedroom B	870	2,215	1,191	-1,024	-46.2%
2-bedroom A	950	2,230	1,393	-837	-37.6%
2-bedroom B	1,085	2,256	1,393	-863	-38.3%
2-bedroom C	1,115	2,261	1,393	-869	-38.4%
3-bedroom A	1,250	2,287	1,575	-712	-31.1%

Notes to Table 4-9:

1. Unit types, sizes, and market-rate rents are PlaceWorks’ assumptions based on our assessment of the current market.
2. Below-market-rate rents are based on the data in Table 4-7, assuming that 1-bedroom units are occupied by a mix of 1- and 2-person households, 2-bedroom units are occupied by 3-person households, and 3-bedroom units are occupied by a mix of 3- and 4-person households.

As with all five prototype analyses conducted for this report, PlaceWorks assessed the development implications of the base development scenario and seven inclusionary housing scenarios for this prototype. We compared the feasibility of the inclusionary housing scenarios to the fully market rate scenario. The number of each type/size of units resulting from the 15 percent VLI inclusionary housing scenario is provided in Table 4-10. As noted, this inclusionary housing scenario provides for the greatest number of additional units allowed under State Density Bonus law. Development summaries of the base scenario and 15 percent VLI scenario are shown in Table 4-11.

- The base development scenario includes 237 total housing units. Per the inclusionary housing scenario presented here, 15 percent of the units (36 units) are for VLI households.
- A 15 percent VLI scenario would entitle the inclusionary housing alternative to a density bonus of 50 percent, or an additional 119 market-rate units. This brings the total potential size of the inclusionary housing scenario to 356 units. This is about 40.5 units per acre on the hypothetical 8.8-acre site.

TABLE 4-10: NUMBER OF UNITS BY TYPE AND AFFORDABILITY

Unit Type	Base Development Scenario		15% VLI Inclusionary Scenario	
	Total Number of Units	Below-Market-Rate Units	Market-Rate Units	Total Number of Units
1-bedroom A	54	8	73	81
1-bedroom B	48	7	65	72
2-bedroom A	50	8	68	76
2-bedroom B	24	4	32	36
2-bedroom C	43	6	58	64
3-bedroom A	18	3	24	27
Total	237	36	320	356

TABLE 4-11: UNIT SUMMARY

	Base Development Scenario	15% VLI Inclusionary Scenario
Market rate units	237	320
Below market-rate units	0	36
Total number of units	237	356
Site area (acres)	8.8	8.8
Gross density (du/acre)	26.9	40.5

4.2.2.2 PROJECT REVENUE

The estimated project revenue for Prototype 5 is presented in Table 4-12. The income for each of the scenarios is the monthly rents for the residential units. The estimated average monthly rent in the 15 percent VLI inclusionary housing scenario, \$2,140 (across all market-rate and BMR units), is 4.0 percent lower than the average in a fully market rate version of the project. The analysis assumes a 33.5 percent allowance for vacancies and operations in the first full year of occupancy. The annual net operating

income increases from \$4.22 million in the fully market rate version, to \$6.07 million in the inclusionary housing scenario.

TABLE 4-12: PROTOTYPE 5 PROJECT INCOME

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Number of units	237	356
Average monthly rent	2,230	2,140
Gross annual income	6,340,000	9,130,000
Less vacancies and operations	-2,120,000	-3,060,000
Annual net operating income	4,220,000	6,070,000

Notes to Table 4-12:

1. The average monthly rent is based on the rent by unit type in Table 4-3 and the number of units in Table 4-.4. The gross annual income is the average monthly rent multiplied by 12 months.
2. The analysis assumes a 33.5 percent allowance for vacancies and operations. The national average across all apartments is 45.8 percent, based on data from realtyrates.com. A new apartment development in a community with very low multifamily vacancies can be expected to perform much better than the national average.

4.2.2.3 PROJECT COSTS

The estimated project costs are provided in Table 4-13. The overall cost increases with additional units, rising from \$59.0 million for the fully market-rate project, to \$91.4 million for the 15 percent VLI inclusionary housing scenario.

TABLE 4-13: PROTOTYPE 5 PROJECT COSTS

	Fully Market Rate Project	15% VLI Inclusionary Scenario
<u>Land Cost</u>		
Estimated property value	4,560,000	4,560,000
Due diligence	500,000	500,000
Estimated land acquisition cost	4,400,000	4,400,000
<u>Hard Costs</u>		
Site work	2,220,000	4,800,000
Building construction	43,100,000	65,600,000
Hard cost subtotal	45,300,000	70,400,000
<u>Soft Costs</u>		
Design, entitlement, and other soft costs @10.0%	4,530,000	7,040,000
Contingency @10.0%	4,530,000	7,040,000
Total development impact fees (includes city, school district & other)	4,670,000	7,020,000
Soft costs subtotal	13,740,000	21,100,000
<u>Total Development Cost</u>		
Total cost (before financing)	63,600,000	96,100,000

Notes to Table 4-13:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values. The analysis assumes a 5 percent of land cost allowance for due diligence activities related to land acquisition. The cash flow model assumes monthly option payments of 1 percent of the estimated property value during the entitlement period, but the option payments are part of the overall payment for land acquisition rather than an additional cost.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company’s 2022 National Building Cost Manual, with the source’s recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$33,024 per 1-bedroom unit and \$43,259 per 2- or more bedroom unit. The analysis assumes that development impact fees are charged to market-rate and below-market-rate units. The city could waive development impact fees for the below-market-rate units, which could lessen the need for other subsidies, primarily the extent of the additional density bonus.

4.2.2.4 FINANCIAL FEASIBILITY

Table 4-14 summarizes the financial feasibility of a fully market-rate version of the project to the 15 percent VLI inclusionary housing scenario. The analysis finds that both the fully market-rate project and 15 percent VLI scenario are financially feasible, generating yield of 6.6 percent and 6.3 percent, respectively. At a 6.6 percent yield, the base development scenario would generate a surplus of \$6.5 million. At a 6.3 percent yield, the inclusionary scenario would generate a surplus of \$4.3 million.

TABLE 4-14: PROTOTYPE 5 FINANCIAL FEASIBILITY SUMMARY

	Fully Market Rate Project	15% VLI Inclusionary Scenario
Development cost	63,600,000	96,000,000
Financing cost	333,000	509,000
Total project cost	64,000,000	96,600,000
Required equity	12,830,000	18,650,000
Year 1 NOI (before debt service and taxes)	4,220,000	6,070,000
Cash-on-cash yield	6.6%	6.3%
Surplus/(Gap) w/6% Yield	6,540,000	4,260,000
Residual land value w/6% yield	11,100,000	8,820,000

Notes to Table 4-13:

1. Financing cost includes construction loan fees of 2.5 percent and carried interest for a 6.85 annual percentage rate, based on data from realtyrates.com. The total project costs are the development cost, from Table 4-6, plus the financing cost.
2. The cash-on-cash yield annual rate of return in the first full year of occupancy based on the net operating income after debt service and taxes divided by the required equity investment.

The analysis indicates that this development prototype would be financially feasible with a 15% VLI inclusionary requirement. However, the feasibility is contingent on increasing the building height and reducing the amount of parking per unit.

4.2.2.5 FEASIBILITY SUMMARY: INCLUSIONARY SCENARIOS

Table 4-15 summarizes the financial feasibility of the Prototype 5 market rate scenario and all seven inclusionary scenarios assessed in this analysis.

TABLE 4-15: PROTOTYPE 5 FEASIBILITY SUMMARY

	High Density Multifamily Flats
Base Market Rate Project	
No inclusionary housing	6.6%
15% Inclusionary Requirement	
15% Very low income	6.3%
15% Low income	6.4%
15% Moderate income	6.8%
10% Inclusionary Requirement	
10% Very low income	6.3%
10% Low income	6.4%
10% Moderate income	6.6%
5% Inclusionary Requirement	
5% Very low income	6.3%

As shown in Table 4-15, Prototype 5 remains financially feasible under all inclusionary scenarios. However, the feasibility is contingent on the need for additional stories and obtaining a parking reduction through the state density bonus law.

A P P E N D I X A

ANTIOCH MARKET SURVEY:
SINGLE FAMILY SALES DATA

address	price	bed	bath	sqft	pricePerSf	lotArea	lotAreaType	homeType	zestimate	rentZestimate
822 W 4th St, Antioch, CA 94509	395000	2	1	1000	395	5227.2	sqft	SINGLE_FAMILY	408500	2524
1527 Sandy Way, Antioch, CA 94509	499999	3	1	996	502.01	8276.4	sqft	SINGLE_FAMILY		2684
5187 Grass Valley Way, Antioch, CA 94531	574888	3	2	1299	442.56	5000	sqft	SINGLE_FAMILY	560900	3094
1313 August Way, Antioch, CA 94509	499950	3	2	1021	489.67	5662.8	sqft	SINGLE_FAMILY		2580
4468 Deerfield Dr, Antioch, CA 94531	639000	5	3	2053	311.25	6098.4	sqft	SINGLE_FAMILY		3321
2331 Peachtree Cir, Antioch, CA 94509	585000	3	2	1603	364.94	7840.8	sqft	SINGLE_FAMILY	598900	2954
1703 Periwinkle Way, Antioch, CA 94531	528000	3	3	1636	322.74	2783.484	sqft	SINGLE_FAMILY	542200	2923
5220 Fairside Way, Antioch, CA 94531	545000	3	3	1496	364.3	4356	sqft	SINGLE_FAMILY		3041
65 Dunes Way, Antioch, CA 94509	549000	3	2	1075	510.7	9147.6	sqft	SINGLE_FAMILY		2843
4011 Royal Links Ct, Antioch, CA 94509	750000	3	3	1659	452.08	0.59	acres	SINGLE_FAMILY	787100	3466
5525 Sierra Trail Way, Antioch, CA 94531	749000	4	4	2803	267.21	5235.912	sqft	SINGLE_FAMILY	753100	4048
5204 Puma Ct, Antioch, CA 94531	760000	4	3	2580	294.57	7840.8	sqft	SINGLE_FAMILY		3673
220 Cobblestone Dr, Antioch, CA 94509	619900	3	2	2022	306.58	7405.2	sqft	SINGLE_FAMILY		3163
5045 Carbondale Way, Antioch, CA 94531	890000	4	3	3360	264.88	0.27	acres	SINGLE_FAMILY		4470
1015 W 4th St, Antioch, CA 94509	400000	3	1	1092	366.3	5227.2	sqft	SINGLE_FAMILY		2345
5132 Furlong Way, Antioch, CA 94531	598000	4	3	1697	352.39	5227.2	sqft	SINGLE_FAMILY	617900	3210
5 Inland Ct, Antioch, CA 94509	499900	3	3	1769	282.59	6534	sqft	SINGLE_FAMILY		3490
2101 Banyan Way, Antioch, CA 94509	400000	2	1	809	494.44	3920.4	sqft	SINGLE_FAMILY		2118
2432 Redwood Dr, Antioch, CA 94509	529000	3	3	1259	420.17	2613.6	sqft	SINGLE_FAMILY		2757
4216 Amargosa Dr, Antioch, CA 94531	674000	5	3	2312	291.52	5227.2	sqft	SINGLE_FAMILY		3517
3020 Larkspur Dr, Antioch, CA 94531	679000	4	3	2288	296.77	0.25	acres	SINGLE_FAMILY		3372
2633 Whitetail Ct, Antioch, CA 94531	629999	3	2	2066	304.94	10742	sqft	SINGLE_FAMILY	614400	3296
75 S Lake Dr, Antioch, CA 94509	619950	3	2	1676	369.9	10018.8	sqft	SINGLE_FAMILY		3438
4624 Wolf Way, Antioch, CA 94531	660000	4	3	2221	297.16	4822.092	sqft	SINGLE_FAMILY	645300	3290
1912 Yellowstone Ct, Antioch, CA 94509	657000	4	3	2128	308.74	9147.6	sqft	SINGLE_FAMILY	697500	3131
3109 Barmouth Dr, Antioch, CA 94509	620000	4	2	1834	338.06	6534	sqft	SINGLE_FAMILY	646900	3559
5008 Union Mine Dr, Antioch, CA 94531	950000	6	4	3859	246.18	9147.6	sqft	SINGLE_FAMILY		4497
5117 Ebbetts Way, Antioch, CA 94531	675000	4	3	1987	339.71			SINGLE_FAMILY	666600	3414
2440 Johns Way, Antioch, CA 94531	688000	4	3	1987	346.25	6534	sqft	SINGLE_FAMILY	703400	3428
1223 Hillcrest Ave, Antioch, CA 94509	1299000	4	4	2021	642.75	0.61	acres	SINGLE_FAMILY	1368100	4270
501 Black Oak Ct, Antioch, CA 94509	700000	4	3	2604	268.82	0.27	acres	SINGLE_FAMILY		3948
1137 L St, Antioch, CA 94509	419000	3	1	1013	413.62	5005.044	sqft	SINGLE_FAMILY	420400	2334
615 W 12th St, Antioch, CA 94509	395000	2	1	924	427.49	3920.4	sqft	SINGLE_FAMILY		2328
5352 Thunderbird Ct, Antioch, CA 94531	849000	5	3	3360	252.68	9890	sqft	SINGLE_FAMILY		
3524 Rio Grande Dr, Antioch, CA 94509	569999	3	2	1245	457.83	6969.6	sqft	SINGLE_FAMILY		2873
2339 Shelbourne Way, Antioch, CA 94531	675000	4	3	2052	328.95	6534	sqft	SINGLE_FAMILY		3646
3136 Persimmon St, Antioch, CA 94509	549000	3	2	1058	518.9	3049.2	sqft	SINGLE_FAMILY		2836
2370 Peachtree Cir, Antioch, CA 94509	699000	4	3	1863	375.2	7840.8	sqft	SINGLE_FAMILY		2950
2805 D St, Antioch, CA 94509	535000	3	1	1115	479.82	5009.4	sqft	SINGLE_FAMILY	549300	2664
1220 W 7th St, Antioch, CA 94509	439000	3	1	1053	416.9	5001	sqft	SINGLE_FAMILY	439700	2371
408 W 10th St, Antioch, CA 94509	448000	2	1	1050	426.67	4996.332	sqft	SINGLE_FAMILY		2348

3305 Bluejay Dr, Antioch, CA 94509	609000	3	2	1608	378.73	8712	sqft	SINGLE_FAMILY		3294
4456 Deerfield Dr, Antioch, CA 94531	699000	4	3	2560	273.05	6098.4	sqft	SINGLE_FAMILY		3409
5112 Paddock Ct, Antioch, CA 94531	699000	3	3	1797	388.98	6299	sqft	SINGLE_FAMILY	681500	3360
2834 Bellflower Dr, Antioch, CA 94531	759000	4	3	2288	331.73	7104	sqft	SINGLE_FAMILY	766800	3268
1305 W 7th St, Antioch, CA 94509	495000	2	2	1504	329.12	5001	sqft	SINGLE_FAMILY	479600	2723
1216 W 7th St, Antioch, CA 94509	434000	3	1	1053	412.16	5001	sqft	SINGLE_FAMILY	435600	2371
4131 Mattole Rd, Antioch, CA 94531	649000	4	3	2085	311.27	4791.6	sqft	SINGLE_FAMILY		3389
5342 Frisanco Way, Antioch, CA 94531	760000	4	2	2031	374.2	5227.2	sqft	SINGLE_FAMILY	768200	3561
109 W 15th St, Antioch, CA 94509	525000	3	2	1621	323.87	5227.2	sqft	SINGLE_FAMILY		3427
3284 Madrone St, Antioch, CA 94509	495000	3	2	1124	440.39	3920.4	sqft	SINGLE_FAMILY		2894
5188 Judsonville Dr, Antioch, CA 94531	1199900	4	3	3477	345.1	0.312902	acres	SINGLE_FAMILY	1159400	4645
1232 Hillcrest Ave, Antioch, CA 94509	525000	3	2	1269	413.71	5662.8	sqft	SINGLE_FAMILY	573600	2850
4618 Imperial St, Antioch, CA 94531	760000	4	3	3002	253.16	0.41	acres	SINGLE_FAMILY	799800	3881
1821 Mount Silliman Way, Antioch, CA 94531	649900	4	3	1869	347.73	4500	sqft	SINGLE_FAMILY	649200	3124
12 Beede Way, Antioch, CA 94509	769000	4	3	3732	206.06	0.25	acres	SINGLE_FAMILY		4877
5210 Primrose Ct, Antioch, CA 94531	619000	3	3	1662	372.44	4791.6	sqft	SINGLE_FAMILY		3429
1929 Johnson Dr, Antioch, CA 94509	595000	3	2	1419	419.31	5388.372	sqft	SINGLE_FAMILY		2879
3366 S Francisco Way, Antioch, CA 94509	599000	3	2	1415	423.32	7920	sqft	SINGLE_FAMILY	579600	3053
5341 McDowell Valley Ln, Antioch, CA 94531	740000	3	3	2213	334.39	3920.4	sqft	SINGLE_FAMILY		3542
826 Gloucester St, Antioch, CA 94509	680000	4	3	2075	327.71	7840.8	sqft	SINGLE_FAMILY		3528
2825 Bonita Ave, Antioch, CA 94509	519900	3	2	1100	472.64	5227.2	sqft	SINGLE_FAMILY		2659
5025 Woodmont Way, Antioch, CA 94531	730000	4	3	2189	333.49	5245	sqft	SINGLE_FAMILY		
4584 Sand Dune Pl, Antioch, CA 94531	692990	4	3	2045	338.87	3050	sqft	SINGLE_FAMILY	692600	3774
5109 Paddock Ct, Antioch, CA 94531	725000	5	3	2216	327.17	6098.4	sqft	SINGLE_FAMILY		3494
2829 Longview Rd, Antioch, CA 94509	640000	3	2	1623	394.33	10454.4	sqft	SINGLE_FAMILY		3173
5129 Rodeo Ct, Antioch, CA 94531	699500	4	3	2114	330.89	4791.6	sqft	SINGLE_FAMILY		3746
2093 Catalpa Way, Antioch, CA 94509	762000	5	3	3392	224.65	5096.52	sqft	SINGLE_FAMILY		4085
Homes Available Soon, Park Ridge Crest	NaN							SINGLE_FAMILY		3654
5542 Hazelbrook Ct, Antioch, CA 94531	889900	6	4	3146	282.87	9148	sqft	SINGLE_FAMILY	861000	3914
5533 Sierra Trail Way, Antioch, CA 94531	869000	5	4	3529	246.25	5105.232	sqft	SINGLE_FAMILY	847500	4520
1304 W 9th St, Antioch, CA 94509	499000	3	1	1380	361.59	5000.688	sqft	SINGLE_FAMILY	486300	2356
2921 Honeysuckle Cir, Antioch, CA 94531	629900	4	2	1793	351.31	7475	sqft	SINGLE_FAMILY		3109
5541 Sierra Trail Way, Antioch, CA 94531	899000	5	4	3529	254.75	6096	sqft	SINGLE_FAMILY	883500	4537
3576 Country Side Way, Antioch, CA 94509	785000	4	3	2057	381.62	8276.4	sqft	SINGLE_FAMILY		3874
3505 Davi Pl, Antioch, CA 94509	689000	3	3	2278	302.46	6098.4	sqft	SINGLE_FAMILY		3413
3582 Mallard Way, Antioch, CA 94509	972950	5	3	3620	268.77	0.354109	acres	SINGLE_FAMILY	945200	4432
5145 Arroyo Way, Antioch, CA 94531	615000	4	3	1680	366.07	5500	sqft	SINGLE_FAMILY	604000	3316
5445 Guenoc Valley Ln, Antioch, CA 94531	925000	4	3	2457	376.48	3920.4	sqft	SINGLE_FAMILY		3950
2548 Bluerock Dr, Antioch, CA 94531	735888	6	3	2813	261.6	5227.2	sqft	SINGLE_FAMILY	751200	3501
4597 Imperial Way, Antioch, CA 94531	799000	5	3	2698	296.15	7629	sqft	SINGLE_FAMILY	784900	3823
5621 Sierra Trail Way, Antioch, CA 94531	897000	5	4	3511	255.48	5227.2	sqft	SINGLE_FAMILY		4467
1018 Fitzuren Rd, Antioch, CA 94509	425000	2	1	1080	393.52	5662.8	sqft	SINGLE_FAMILY	433000	2236

46 E Madill St, Antioch, CA 94509	529000	4	2	1312	403.2	5662.8	sqft	SINGLE_FAMILY		2739
2103 Banyan Way, Antioch, CA 94509	395000	2	1	809	488.26	3049.2	sqft	SINGLE_FAMILY		2117
2016 Aspen Ct, Antioch, CA 94509	758000	5	3	2899	261.47	10454.4	sqft	SINGLE_FAMILY		4324
5337 Cardinal St, Antioch, CA 94509	850317	4	3	2992	284.2	7405.2	sqft	SINGLE_FAMILY	830900	
4935 Ridgeview Dr, Antioch, CA 94531	635500	3	3	1514	419.75	4356	sqft	SINGLE_FAMILY		
4529 Pronghorn Way, Antioch, CA 94509	722000	4	3	2330	309.87	5227.2	sqft	SINGLE_FAMILY		3618
5235 Caneva Ct, Antioch, CA 94531	765900	4	3	1913	400.37	6300	sqft	SINGLE_FAMILY	750900	3617
5524 Shell Ridge Way, Antioch, CA 94531	899000	5	4	3529	254.75	6658	sqft	SINGLE_FAMILY	877900	4545
5221 Caneva Ct, Antioch, CA 94531	707500	3	2	1448	488.6	9640	sqft	SINGLE_FAMILY	689700	3156
2911 Sunflower Dr, Antioch, CA 94531	668500	3	3	1831	365.1	8125	sqft	SINGLE_FAMILY	648900	3128
3026 Hickorynut St, Antioch, CA 94509	998000	5	4	3414	292.33	0.271419	acres	SINGLE_FAMILY	981100	4806
2904 Buckthorn Ct, Antioch, CA 94531	650000	4	3	2183	297.76	0.339532	acres	SINGLE_FAMILY	630000	3510
4512 Bridle Ct, Antioch, CA 94531	646990	3	3	1732	373.55	2802	sqft	SINGLE_FAMILY	630500	3138
5333 Cardinal St, Antioch, CA 94509	759174	4	2	2098	361.86	7405.2	sqft	SINGLE_FAMILY	734300	
4535 Bitter St, Antioch, CA 94531	849000	4	3	2557	332.03	6543	sqft	SINGLE_FAMILY	827200	2975
2704 Hyacinth Ct, Antioch, CA 94531	729000	4	3	2288	318.62	7919.208	sqft	SINGLE_FAMILY	706100	3557
5231 Caneva Ct, Antioch, CA 94531	722500	3	2	1448	498.96	5250	sqft	SINGLE_FAMILY	705700	3117
208 Railroad Ave, Antioch, CA 94509	1199000	1	1			5227.2	sqft	SINGLE_FAMILY		2133
211 W 20th St, Antioch, CA 94509	1199000	3	1			5227.2	sqft	SINGLE_FAMILY	1139400	2246
4641 Ranch Point Way, Antioch, CA 94531	828990	5	3	2544	325.86	5298	sqft	SINGLE_FAMILY	802600	3637
2014 C St, Antioch, CA 94509	1199000	4	2			7405.2	sqft	SINGLE_FAMILY	501100	2681

A P P E N D I X B

ANTIOCH MARKET SURVEY:
MULTIFAMILY SALES DATA

address	price	bed	bath	sqft	pricePerSf	lotArea	lotAreaType	homeType	zestimate	rentZestimate
705 E St, Antioch, CA 94509	825000	7	5	4492	183.66	10018.8	sqft	MULTI_FAMILY		2481
34 E 16th St, Antioch, CA 94509	524990	5	3	1312	400.14	6969.6	sqft	MULTI_FAMILY	557300	2871
2205 L St, Antioch, CA 94509	600000	5	4	2080	288.46	5662.8	sqft	MULTI_FAMILY		2980
1101 Klengel St, Antioch, CA 94509	724900	4	2	1680	431.49	6534	sqft	MULTI_FAMILY		2321
604 Texas St, Antioch, CA 94509	550000	3	2	1700	323.53	6534	sqft	MULTI_FAMILY	561400	2014
1516 Sycamore Dr, Antioch, CA 94509	949900	8	4	3300	287.85	8712	sqft	MULTI_FAMILY		2386
423 E 13th St, Antioch, CA 94509	371939	5	2	1312	283.49	0.53	acres	MULTI_FAMILY		1842
809 W 2nd St, Antioch, CA 94509	800000			2773	288.5	6969.6	sqft	MULTI_FAMILY		3162
201 Rossi Ave, Antioch, CA 94509	600000			1767	339.56	5662.8	sqft	MULTI_FAMILY		2375

A P P E N D I X C

ANTIOCH MARKET SURVEY:
TOWNHOME SALES DATA

address	zipCode	city	state	price	bed	bath	sqft	pricePerSf	lotArea	lotAreaType	homeType	zestimate	rentZestimate
3508 Stone Pl, Antioch, CA 94509	94509	Antioch	CA	51950	3	3	1510	344.04	1306.8	sqft	TOWNHOUSE	540400	2848
6 Avila Pl, Antioch, CA 94509	94509	Antioch	CA	39800	3	3	1354	293.94	871.2	sqft	TOWNHOUSE		2875
57 Madrid Ln, Antioch, CA 94509	94509	Antioch	CA	39900	3	3	1390	287.05	871.2	sqft	TOWNHOUSE	406400	2877
2604 Nevada Ln, Antioch, CA 94509	94509	Antioch	CA	32900	2	2	960	342.71	871.2	sqft	TOWNHOUSE	336300	2277
3510 Stone Pl, Antioch, CA 94509	94509	Antioch	CA	49900	3	3	1349	369.9	1306.8	sqft	TOWNHOUSE		2831
2601 Ithaca Ln, Antioch, CA 94509	94509	Antioch	CA	31500	2	1	845	372.78	871.2	sqft	TOWNHOUSE		2051
3507 Dameron Pl, Antioch, CA 94509	94509	Antioch	CA	49900	3	3	1510	330.46	1306.8	sqft	TOWNHOUSE	517700	2850
4 Avila Pl, Antioch, CA 94509	94509	Antioch	CA	37900	3	3	1390	272.66	1002	sqft	TOWNHOUSE		2877
2506 Princeton Ln, Antioch, CA 94509	94509	Antioch	CA	34500	2	2	1152	299.48	960	sqft	TOWNHOUSE		2338
2507 Georgetown Ln, Antioch, CA 94509	94509	Antioch	CA	35000	2	2	1152	303.82	871.2	sqft	TOWNHOUSE		2316
2308 Peppertree Way APT 2, Antioch, CA 94509	94509	Antioch	CA	19800	2	1	903	219.27	13.06	8 sqft	TOWNHOUSE		1783

A P P E N D I X D

ANTIOCH MARKET SURVEY:
MULTIFAMILY RENT DATA

address	zipCode	city	state	rent	bed	bath	sqft	rentPerSf	homeType
3915 Delta Fair Blvd, Antioch, CA 94509	94509	Antioch	CA	1699	2	1	728	2.33	APARTMENT
600-712 O St, Antioch, CA 94509	94509	Antioch	CA	1895	2	1			APARTMENT
318 Lawton St, Antioch, CA 94509	94509	Antioch	CA	1600	1	1	1600	1	APARTMENT
2114 Peppertree Way APT 3, Antioch, CA 94509	94509	Antioch	CA	2000	2	1	903	2.21	APARTMENT
2116 Lemontree Way UNIT 3, Antioch, CA 94509	94509	Antioch	CA	2200	2	1	903	2.44	APARTMENT
1300 Sycamore Dr, Antioch, CA 94509	94509	Antioch	CA	1750	2	1	903	1.94	APARTMENT
516 W Tregallas Rd APT 4, Antioch, CA 94509	94509	Antioch	CA	1900	2	1			APARTMENT
500 Texas St APT 7, Antioch, CA 94509	94509	Antioch	CA	1795	2	1	702	2.56	APARTMENT
500-522 H St #512, Antioch, CA 94509	94509	Antioch	CA	1695	1	1	900	1.88	APARTMENT
912 Minaker Dr #2, Antioch, CA 94509	94509	Antioch	CA	2250	2	1.5	1116	2.02	APARTMENT
1104 W 9th St #A, Antioch, CA 94509	94509	Antioch	CA	1199		1	250	4.8	APARTMENT
610 W 2nd St, Antioch, CA 94509	94509	Antioch	CA	2495	2	1	1400	1.78	APARTMENT
320 W 20th St APT 10, Antioch, CA 94509	94509	Antioch	CA	1675	2	1			APARTMENT
723 W 4th St UNIT 1, Antioch, CA 94509	94509	Antioch	CA	2150	1	1	715	3.01	APARTMENT
4756 Matterhorn Way #A, Antioch, CA 94531	94531	Antioch	CA	2000	1	1	450	4.44	APARTMENT
52 E 16th St APT 6, Antioch, CA 94509	94509	Antioch	CA	2250	2	1	750	3	APARTMENT
1512 Sycamore Dr APT 2, Antioch, CA 94509	94509	Antioch	CA	2000	2	1	850	2.35	APARTMENT
2208 Lemontree Way UNIT 3, Antioch, CA 94509	94509	Antioch	CA	1998	2	1	903	2.21	APARTMENT
618 W 7th St #5, Antioch, CA 94509	94509	Antioch	CA	1800	1	1	650	2.77	APARTMENT
113 I St #2, Antioch, CA 94509	94509	Antioch	CA	1300		1	450	2.89	APARTMENT
918 Marie Ave #B, Antioch, CA 94509	94509	Antioch	CA	1700	1	1	600	2.83	APARTMENT
31 Sunset Dr UNIT B, Antioch, CA 94509	94509	Antioch	CA	2200	2	1			APARTMENT
117 E Madill St, Antioch, CA 94509	94509	Antioch	CA	1650		1			APARTMENT
901 J St APT 9, Antioch, CA 94509	94509	Antioch	CA	1900	2	1	800	2.38	APARTMENT
2204 Lemontree Way UNIT 4, Antioch, CA 94509	94509	Antioch	CA	1895	2	1	925	2.05	APARTMENT
1116 W 5th St #I, Antioch, CA 94509	94509	Antioch	CA	2450	2	1	846	2.9	APARTMENT
1414 Sycamore Dr UNIT 4, Antioch, CA 94509	94509	Antioch	CA	1700	2	1	900	1.89	APARTMENT
2200 Lemontree Way UNIT 4, Antioch, CA 94509	94509	Antioch	CA	1900	2	1	925	2.05	APARTMENT
3609 Fairview Dr #4, Antioch, CA 94509	94509	Antioch	CA	1795	2	1	900	1.99	APARTMENT

515 W 9th St #B, Antioch, CA 94509	94509	Antioch	CA	1675	1	1	500	3.35	MULTI_FAMILY
137 Wilbur Ave APT 9, Antioch, CA 94509	94509	Antioch	CA	2100	2	1	910	2.31	APARTMENT
2500 Wildflower Station Pl #40, Antioch, CA 94531	94531	Antioch	CA	2200	1	1	675	3.26	APARTMENT
1216 Sycamore Dr APT 2, Antioch, CA 94509	94509	Antioch	CA	1695	2	1	925	1.83	CONDO
923 W 9th St, Antioch, CA 94509	94509	Antioch	CA	2250	4	4	2708	0.83	APARTMENT
2110 Peppertree Way APT 1, Antioch, CA 94509	94509	Antioch	CA	1700	2	1	975	1.74	APARTMENT
1910 Cavallo Rd APT D, Antioch, CA 94509	94509	Antioch	CA	1750	2	1	700	2.5	APARTMENT
234 Crest St #3, Antioch, CA 94509	94509	Antioch	CA	1845	2	1	800	2.31	APARTMENT
2308 Spanos St APT 4, Antioch, CA 94509	94509	Antioch	CA	1700	2	1	825	2.06	APARTMENT

ATTACHMENT "F"



MEMORANDUM

DATE January 21, 2026

TO Zoe Merideth, Planning Manager; David Storer, Community Development Consultant
City of Antioch, Planning Division

FROM Greg Goodfellow, Associate Principal
Steve Gunnells, Chief Economist

SUBJECT City of Antioch Inclusionary Housing Ordinance In-Lieu Fee Recommendation

SUMMARY

This memo recommends the amount for an in-lieu fee for the inclusionary housing requirement. It recommends an in-lieu fee in the amount of \$202,500.00 per required, unconstructed inclusionary unit.

This memo includes the following sections and components:

In-Lieu Fee Analysis

1. Background
2. Methodology
3. Affordable Housing Gap Calculation
4. Fee Calculation

Recommendation

1. Resolution Establishing the Amount of the In-Lieu Fee

Appendix:

Contra Costa County affordable housing projects awarded state tax credits in 2023 through 2025

In-Lie Fee Analysis

1. Background

The City of Antioch is considering amending its Zoning Code to include an Inclusionary Housing Ordinance (IHO). The overall objectives of the IHO are to:

- » Enhance the public welfare by increasing the supply of affordable housing.
- » Ensure future residential development is consistent with State, regional and local housing policies.
- » Generates sufficient affordable housing for the City to meet its obligations under the State Regional Housing Needs Assessment (RHNA).

The City is required to allow at least one method of compliance as an alternative to the developer providing the required number of affordable units on the same site as a new residential development project. The recommended alternative method of compliance is the option to pay a fee in-lieu of constructing inclusionary housing units.

The purpose of this memo is to provide a methodology for calculating the in-lieu fee and to recommend the amount of the fee.

2. Methodology

A. General Approach

The general approach is to determine the typical cost for the City to have an affordable housing unit built. The in-lieu fee would then be set at a level that would generate sufficient revenue to have the required number of affordable units built.

B. Example

A straightforward hypothetical example is a residential subdivision with 100 lots. The inclusionary housing provisions would require that 15 of the units (15 percent of the total) be below-market-rate units (BMR) that are restricted to low-income households. The remaining 85 units would be sold at market rate (MR) prices¹.

If, instead of a mixed-income development project (i.e., 15 BMR and 85 MR units), the developer chose the alternative of paying an in-lieu fee, the proposed project would have 100 MR units, and

¹ Under the state's Density Bonus Law, a developer providing affordable housing units as part of a mixed-income residential development could also be eligible for a density bonus, which would permit the developer to construct additional market rate units. However, a developer choosing to pay a fee in-lieu of constructing affordable units is not eligible for a density bonus. For simplicity, the issue of density bonus units is omitted because it does not affect the in-lieu fee.

the total amount of in-lieu fees paid should be sufficient to have 15 affordable housing units constructed elsewhere in Antioch.

If that cost were \$200,000 per affordable unit, then the in-lieu fee for the project should be at least \$3 million (15 BMR units X \$200,000 per unit = \$3 million).

C. Affordable Housing Development Finance

Most affordable housing is constructed and operated by specialized affordable housing developers. They have expertise in accessing a variety of funding sources, and they have expertise in qualifying income-eligible households. The recommended fee derived in subsequent sections is based on five Contra Costa County affordable housing projects that the state awarded tax credits in 2023, 2024, and 2025. Details on these projects are provided in the Appendix in Tables A-1 through A-4.

There are three important types of funding for the permanent financing of affordable housing developments:

1. **Low-Income Housing Tax Credits (LIHTC).** These are tax credits that the federal government annually provides to states to distribute to affordable housing development projects. They are the primary source of permanent financing for affordable housing developments. In California, the Tax Credit Allocation Committee awards tax credits on a competitive basis annually. Affordable housing developers have indicated that it is not uncommon for an application to take up to three rounds before being successful. However, they have also indicated that they are rather confident in their ability to eventually receive tax credit funding for projects.² As shown in Table A-4, in the five Contra Costa County affordable housing projects, tax credits accounted for 36 percent to 43 percent of the total permanent financing.
2. **Bank financing.** Affordable housing projects also rely on conventional bank financing for permanent funding, just as market rate developers do. Residents of affordable housing projects pay rent—albeit a reduced rent that is affordable. These rent payments cover the operation and maintenance expenses. The amount of rent in excess of operation and maintenance costs is used to repay the conventional bank financing. In addition, a portion of tenant rents are used to repay the developer, who often defers their fee from the time of construction to be paid back over time.
3. **Additional funding sources.** Finally, there various other sources of funding. These include deferred development fees, charitable giving, various construction tax credits and others.

² There are two types of LIHTC, commonly referred to as 4 percent credits and 9 percent credits. The affordable housing developers interviewed for this report say that the 9 percent credits are very challenging to get but that they are confident that they can obtain 4 percent tax credits for affordable housing projects. References to tax credits in this report refer to the 4 percent tax credits, and the permanent financing data in Table A-4 are for 4 percent tax credits.



Successful affordable housing development often relies on piecing together a variety of other funding sources to fully fund a development. Part of the challenge is timing these other sources to coincide with the awarding of tax credit funding.

D. Fee Basis

Affordable housing developers have indicated their confidence in obtaining tax credits and conventional bank financing. If funding from in-lieu fees can make up the difference from all the other funding sources they usually piece together, they should be able to develop affordable housing in Antioch. Thus, the basis for the in-lieu fee is the gap between the development cost and the tax credit funds plus bank financing. This amount is calculated below.

3. Affordable Housing Gap Calculation

A. Average Development Cost

Table A-2 in the Appendix provides a breakdown of the development costs for each of the five Contra Costa County affordable housing projects. Generally, construction costs for affordable housing projects can be expected to be similar across Contra Costa County jurisdictions, with the exception of the cost to acquire land.

Table 1, below, provides the total development cost for the five Contra Costa County affordable housing projects combined, the total number of affordable dwelling units across the five projects, and the resulting weighted average development cost per affordable residential unit. The data indicated that, on average, each unit of affordable housing costs \$882,000 plus the cost to acquire land.

Table 1: Weighted Average Development Cost per Unit for Five Recent Affordable Housing Projects; Contra Costa County; 2024 and 2025

Total Development Cost	\$332,000,000
Total Number of Affordable Units	376
Average Development Cost per Unit	\$882,000

Source: PlaceWorks 2025, using cost data from the CA Tax Credit Allocation.

B. Average Project Financing

Table A-4 in the Appendix provides a breakdown of the funding sources used for permanent financing of the five Contra Costa County affordable housing projects. Table 2, below, shows the total permanent bank financing and the total federal tax credit equity as well as the weighted average per unit. The data indicate that, on average, the typical affordable housing unit is funded with \$134,400 in conventional bank financing and \$342,000 in federal tax credits.

Table 2: Weighted Average Bank Financing and Federal Tax Equity per Unit for Five Affordable Housing Projects; Contra Costa County; 2023 through 2025

Total Number of Units	376
Total Permanent Bank Financing ¹	\$50,500,000
Average Bank Financing per Unit	\$134,400
- Percentage of Average Cost per Unit	15.23%
Total 4% Federal Tax Credit Equity	\$128,500,000
Average Tax Credit Equity per Unit	\$342,000
- Percentage of Average Cost per Unit	38.75%

Source: PlaceWorks 2025, using funding data from the CA Tax Credit Allocation Committee.

¹Total permanent bank financing also includes any deferred developer fee and general partner equity contribution.

D. Affordable Housing Financing Gap, Countywide

The affordable housing financing gap—which is the amount that the inclusionary housing in-lieu fee is intended to cover—is the difference between the development cost and the two types of permanent financing that affordable housing developers can reliably access. As shown in Table 3, the analysis estimates the average affordable housing financing gap per unit in Contra Costa County at \$406,000. This is 46.02% of the average total cost per unit.

Table 3: Average Affordable Housing Financing Gap per Unit for Recent Five Affordable Housing Projects; Contra Costa County; 2023 through 2025

Construction Cost per Unit	\$882,000
Less Bank Financing	-\$134,400
Less Federal 4% Tax Credit Equity	-\$342,000
Financing Gap per Unit	\$406,000
- Percentage of Average Cost per Unit	46.02%

Source: PlaceWorks 2025, using cost and funding data from the CA Tax Credit Allocation Committee.

E. Affordable Housing Financing Gap, Antioch

The estimated cost to develop a 100 percent affordable housing project in Antioch is based on a theoretical multifamily housing development. The development program is presented in Table 4. The cost estimate is based on an assumed affordable housing development project with 83 multifamily apartments (82 affordable units and 1 manager’s unit) in three story buildings on a 4.1-acre parcel. The cost estimate also reflects that the development project would provide one surface lot parking space per unit.

Table 4: Development Program for a Conceptual Affordable Housing Development; Antioch

Parcel Size (ac.)	4.1
Total Number of Units	83
- Affordable units	82
- Manager's unit	1
Density (du/acre)	20.2
Build Height (stories)	3
Gross Floor Area (sq. ft.)	104,900
Surface Parking Spaces	83

Source: PlaceWorks, 2025, based on a review of recent and entitled development projects in Antioch.

For the conceptual affordable housing development described above, the estimated development costs are provided in Table 5. The estimate includes \$2.1 million for land acquisition, \$21.4 million for hard construction costs, \$9.1 million for soft costs, and \$3.4 million for financing costs. The total development cost, \$36.1 million, equates to \$440,000 per affordable dwelling unit.

Table 5: Estimated Development Costs for a Conceptual Affordable Housing Development; Antioch; 2025

Land Acquisition Cost	\$2,130,000
Hard Costs	
Site Work	\$3,570,000
Construction	17,840,000
Hard Cost Subtotal	\$21,400,000
Soft Costs	
Design, entitlement, and other soft costs @25.0%	\$5,350,000
Contingency @10.0%	\$2,140,000
Impact Fees	\$1,639,000
Soft costs subtotal	\$9,130,000
Development cost (before financing)	\$32,700,000
Financing cost	\$3,410,000
Total development cost	\$36,100,000
- per affordable housing unit	\$440,000

Source: PlaceWorks, 2025.

Notes to Table 5:

1. The estimated property value is a PlaceWorks estimate based on our analysis of sales data, asking prices, and residual land values.
2. Building construction costs are calculated on a per square foot basis for finished floor area and a separate square foot basis for garages. The per square foot costs are taken from Craftsman Book Company’s 2026 National Building Cost Manual, with the source’s recommended adjustments for local cost differential. As noted in the source, the per square foot cost estimates include all construction costs: labor, materials, equipment, plans, building permit, supervision, overhead, and profit.
3. Development impact fees are calculated as \$18,561 per dwelling unit plus \$5.17 per square foot (for school district fees).

Finally, the affordable housing financing gap, defined as a percentage of development cost for recent projects in Table 3, is applied to the estimated cost for new affordable housing construction in Antioch. With an estimated development cost of \$440,000 per affordable dwelling unit and an expected financing gap of 46.02%, the City would need to collect \$202,500 through an in-lieu fee for each affordable inclusionary unit that a market rate developer opts to forego building.

Table 6: Estimated Financing Gap per Unit for Affordable Housing in Antioch; 2025

Development Cost per Unit	440,000
Financing Gap Percentage (of costs)	46.02%
Financing Gap for Antioch Affordable Housing	202,500

Source: PlaceWorks, 2025.

4. In-Lieu Fee Calculation and Recommendation

The city should adopt a fee of \$202,500 per affordable housing unit that is required under the inclusionary housing provisions in the Zoning Ordinance when the developer chooses to forego construction of those units. The city could also consider allowing developers the flexibility to provide some affordable housing units, which would earn a density bonus, and to pay the in-lieu on any required inclusionary units that are not provided, which would not be eligible for a density bonus.

On July 1 of each calendar year, the amount of the in-lieu fee should be increased based on the increase in the US Bureau of Labor Statistics’ Chained Consumer Price Index for all Urban Consumers, not seasonally adjusted (C-CPI-U).

Appendix:



Contra Costa County affordable housing projects awarded state tax credits in 2023, 2024 and 2025

Table A-1: Project Descriptions for Recent Affordable Housing Projects; Contra Costa County; 2023 through 2025

Project Number	CA-24-649	CA-23-603	CA-24-681	CA-25-404	CA-25-483
Project Name	Civic Crossing	Mayfair Affordable	Walnut Apartments	TBV Villas at Renaissance	El Cerrito Plaza - Parcel A South
Site Address	699 Ygnacio Valley Road Walnut Creek, CA 94596	11690 San Pablo Avenue El Cerrito, CA 94530	3020 Fostoria Way Danville, CA 94526	between San Joaquin Street, Modoc Avenue, and Kings Place Richmond, CA 94804	515 Richmond Street El Cerrito, CA 94530
PROJECT DESCRIPTION					
# of Residential Buildings	1	1	2	2	1
# of Units	93	69	44	105	70
# of Tax Credit Units	92	68	43	104	69
Housing Type	Large Family	Large Family	Large Family	Large Family	Large Family
Unit Mix					
SRO/Studio Units	24	15	0	4	0
1-Bedroom	21	18	20	7	30
2-Bedroom	24	18	12	37	20
3-Bedroom	24	18	12	53	20
4-Bedroom	0	0	0	4	0
Total	93	69	44	105	70

Source: PlaceWorks 2025, using data from the CA Tax Credit Allocation Committee.



Table A-2: Project Cost Summary for Recent Affordable Housing Projects; Contra Costa County; 2023 through 2025

Project Number	CA-24-649	CA-23-603	CA-24-681	CA-25-404	CA-25-483
Project Name	Civic Crossing	Mayfair Affordable	Walnut Apartments	TBV Villas at Renaissance	El Cerrito Plaza - Parcel A South
Site Address	699 Ygnacio Valley Road Walnut Creek, CA	11690 San Pablo Avenue El Cerrito, CA	3020 Fostoria Way Danville, CA	San Joaquin Street, Modoc Avenue, and Kings Place Richmond, CA	515 Richmond Street El Cerrito, CA
TOTAL PROJECT COST					
Land and Acquisition	\$9,306,567	2,113,536	\$3,489,000	\$5,876,713	\$105,000
Construction Costs	\$52,098,375	\$42,753,070	\$11,964,020	\$43,933,791	\$47,083,668
Rehabilitation Costs	0	0	0	\$0	\$0
Construction Contingency	\$3,880,142	\$2,198,862	\$700,000	\$3,509,047	\$2,343,133
Soft Cost Contingency	\$589,140	\$505,040	\$370,000	\$304,093	\$467,472
Relocation	0	0	0	\$0	\$0
Architectural/Engineering	\$2,854,254	\$2,214,298	\$940,000	\$2,644,408	\$3,432,585
Const. Interest, Permanent Financing	\$9,824,643	\$10,275,496	\$1,738,900	\$5,931,447	\$5,396,173
Legal Fees	\$138,190	\$184,628	\$140,000	\$141,412	\$320,000
Reserves	\$1,395,151	\$424,796	\$362,076	\$645,169	\$540,359
Other Costs	\$5,035,933	\$3,709,821	\$1,601,497	\$4,830,344	\$5,845,220
Developer Fee	\$3,500,000	\$4,500,000	\$2,590,917	\$8,000,000	\$4,078,800
Commercial Costs	\$1,808,872	0	0	\$2,989,993	\$0
Total	\$90,431,267	\$68,879,547	\$23,896,410	\$78,806,417	\$69,612,410
PER AFFORDABLE UNIT COSTS					
Construction Cost per Sq. Ft.	\$825	\$846	\$303	\$323	\$729
Per Unit Cost	\$950,011	\$998,254	\$543,100	\$717,713	\$994,463
True Cash Per Unit Costs	\$936,356	\$964,921	\$541,034	\$672,176	\$989,106

Source: PlaceWorks 2025, using data from the CA Tax Credit Allocation Committee.



Table A-3: Construction Finance Summary for Recent Affordable Housing Projects; Contra Costa County; 2023 through 2025

Project Number	CA-24-649	CA-23-603	CA-24-681	CA-25-404	CA-25-483
Project Name	Civic Crossing	Mayfair Affordable	Walnut Apartments	TBV Villas at Renaissance between San	El Cerrito Plaza - Parcel A South
Site Address	699 Ygnacio Valley Road Walnut Creek, CA 94596	11690 San Pablo Avenue El Cerrito, CA 94530	3020 Fostoria Way Danville, CA 94526	Joaquin Street, Modoc Avenue, and Kings Place Richmond, CA 94804	515 Richmond Street El Cerrito, CA 94530
TOTAL PROJECT COST					
Bank Financing	\$14,584,359	\$10,560,458	\$0	\$19,462,570	\$9,289,713
Bank Financing (Tax Exempt)	\$46,881,118	\$35,141,577	\$12,750,000	\$39,172,547	\$35,700,000
City	\$10,500,000	\$1,886,105	\$0	\$0	\$970,000
County Housing	\$6,833,819	\$6,913,642	\$0	\$0	\$5,376,423
Deferred Costs	0	\$2,300,000	\$362,076	\$5,000,000	\$1,001,837
State	\$3,889,406	\$4,220,000	\$0	\$0	\$9,750,000
Other	\$100	\$500,000	\$4,200,000	\$6,250,000	\$2,400,000
Other	0	\$322,652	\$3,079,900	\$3,700,000	\$2,597,220
Other	0	\$0	\$2,590,917	\$100	\$100
Tax Credit Equity	\$3,659,814	\$2,732,027	\$913,517	\$2,894,032	\$2,527,117
Total	\$86,348,616	\$64,576,461	\$23,896,410	\$76,479,249	\$67,085,293

Source: PlaceWorks 2025, using data from the CA Tax Credit Allocation Committee.



Table A-4: Permanent Finance Summary for Recent Affordable Housing Projects; Contra Costa County; 2023 through 2025

Project Number	CA-24-649	CA-23-603	CA-24-681	CA-25-404	CA-25-483
Project Name	Civic Crossing	Mayfair Affordable	Walnut Apartments	TBV Villas at Renaissance between San Joaquin Street, Modoc Avenue, and Kings Place	El Cerrito Plaza - Parcel A South
Site Address	699 Ygnacio Valley Road Walnut Creek, CA 94596	11690 San Pablo Avenue El Cerrito, CA 94530	3020 Fostoria Way Danville, CA 94526	Richmond, CA 94804	515 Richmond Street El Cerrito, CA 94530
TOTAL PROJECT COST					
Bank Financing	\$1,209,000	\$5,962,000	\$7,850,000	\$22,459,000	\$3,977,000
City	\$10,500,000	\$1,886,105	\$0	\$0	\$970,000
County Housing	\$6,833,819	\$6,963,642	\$0	\$0	
County Other	0	\$0	\$0	\$7,750,000	\$5,376,423
State	\$24,793,697	\$17,222,372	\$0	\$0	\$24,598,570
State	\$9,414,110	\$4,197,500	\$0	\$0	\$6,300,000
Deferred Developer Fee	\$1,299,900	\$2,300,000	\$90,917	\$5,000,000	\$375,000
Tax Credit Equity	\$36,380,641	\$29,525,276	\$8,675,593	\$28,647,317	\$25,271,169
General Partner Equity and Contribution	\$100	\$0	\$0	\$100	\$100
Other	0	\$500,000	\$4,200,000	\$6,250,000	\$2,400,000
Other	0	\$322,652	\$3,079,900	\$3,700,000	\$344,148
Other				\$5,000,000	
Total	\$90,431,267	\$68,879,547	\$23,896,410	\$78,806,417	\$69,612,410
- Tax Credit Equity % of Total	40%	43%	36%	36%	36%

Source: PlaceWorks 2025, using data from the CA Tax Credit Allocation Committee.

ATTACHMENT "G"

In-Lieu Fee Information for Contra Costa County

Jurisdiction	Population	In-Lieu Fee Information	Example Fee for 1,000 Sq Ft Unit
Antioch	117,000	No IHO	
Brentwood	65,000	In-lieu only for 5-9 units and done project by project	
Clayton	10800	Project by project	
Concord	123,000	Ownership: \$20.00/sq ft Rental \$15.00/sq ft	Ownership: \$20,000 Rental: \$15,000
Danville	43,000	Project by project	
El Cerrito	26,000	Ownership: \$24.00/sq ft Rental: \$19.00/sq ft	Ownership: \$24,000 Rental: \$19,000
Hercules	26,000	Suspended ordinance around 2012 at dissolution of RDA Still in Municipal Code	
Lafayette	25,000	No fee established	
Martinez	37,000	No IHO	
Moraga	17,000	Fee is based on number of units, and whether project is for-sale or rental 6 unit project - 13.00/SF for-sale and \$8.30/SF for rental 10 or more units* - \$39.00/SF for sale and \$25.00/SF for rental. *Rates for projects with ten or more units are prorated based on the portion of the inclusionary unit obligation to be satisfied with in-lieu fees. Proration is calculated by multiplying the applicable per square rate by a fraction, with the numerator of such fraction equal to the number of units for which in-lieu fees are proposed to be paid, and the denominator of such fraction equal to the total number of inclusionary units that are required.	6 unit project: \$13,000 for-sale \$8,300 rental 10 unit with all in-lieu fees: \$39,000 for-sale \$25,000 rental
Oakley	46,000	No IHO	
Orinda	19,000	No IHO	
Pinole	18,000	Project by project, if not all onsite	

ATTACHMENT "H"



January 29, 2026

City of Antioch
Planning Commission
Webber, Jones, Perez, Riley, Suman, Spijker
200 H Street
Antioch, CA 94509

Via: Email to City Clerk

Dear Planning Commission Members,

I write in opposition to Agenda Item 6 for the Planning Commission meeting scheduled for February 4, 2026. Antioch should not adopt policies that make the production of much-needed housing within the City more difficult or more costly. I respectfully urge the Commission to vote **no** on the proposed inclusionary housing ordinance.

Attached as **Exhibit I** is my correspondence to the Mayor and City Council dated September 15, 2025. I will not restate those arguments here but request that they be incorporated by reference. Please be advised that significant California case law exists, most notably *Sheetz v. County of El Dorado*, which substantially limits the ability of local governments to impose conditions on development permits. This precedent directly impacts the legality of mandatory inclusionary housing requirements.

Further, the matter of *Wesley Yu v. City of East Palo Alto*, relying on *Sheetz*, was resolved in favor of Mr. Yu. As a result, the City of East Palo Alto significantly modified its inclusionary housing ordinance. While the amount of compensation paid to Mr. Yu has not been publicly disclosed, the outcome underscores the legal risks associated with such ordinances.

Contrary to any assertion by City staff, there is **no requirement under California law** that a municipality or county adopt an inclusionary housing ordinance. The City of Antioch already satisfies the conditions necessary to remain eligible for housing and infrastructure funding from other agencies.

In conclusion, an inclusionary housing ordinance is unnecessary, unsupported by current case law, and of questionable constitutional validity. Adoption of this ordinance would expose the City to avoidable legal and financial risk.

I respectfully request a unanimous **no** vote on Agenda Item 6. Thank you for your consideration.

Sincerely,

Mark Jordan
Citizen of Antioch

Exhibit I

From: mark [REDACTED]
Sent: Monday, September 15, 2025 2:07 PM
To: rebernal@antiochca.gov
Cc: dfreitas@antiochca.gov; lrocha@antiochca.gov; mwilson@antiochca.gov; twalker@antiochca.gov; [REDACTED]
Subject: FW: City Council Agenda 9/16/2025

Subject: Opposition to the Inclusionary Housing Ordinance – Please Table the Matter

Dear Mayor and Council Members,

Regrettably, I will not be able to attend the continued study session on the possible adoption of the Inclusionary Housing Ordinance (IHO). I will refrain from repeating points I've previously made, and instead focus on reiterating and expanding my core concerns. I speak for the silent majority of Antioch—those who may not wear matching T-shirts, don't seek handouts, and work hard for what we earn and achieve.

This ordinance should be tabled until the resolution of the ongoing litigation involving the City of East Palo Alto. A copy of the federal filing has already been sent to each of you. Moving forward with the IHO at this time is premature and risks exposing the City of Antioch to similar legal challenges, which could place our city in a precarious and costly position.

At its core, Inclusionary Housing is a form of municipal coercion or extortion. Requiring developers to either pay fees or discount their products to support social policies is fundamentally flawed. We need more housing—not more barriers to building it. This ordinance disincentivizes development at a time when we should be encouraging it.

Now, let's address some of the arguments put forth by proponents:

Gentrification.

Critics claim gentrification is harmful. But by definition, gentrification involves the revitalization of neglected areas—improving housing, increasing property values, and expanding the tax base. From a broader community perspective, these outcomes are not negative—they're signs of progress. Yes, change can be uncomfortable and sometimes results in displacement, but change is the only constant in life. We can manage it—but we shouldn't fear it.

“Housing is a Human Right.”

This is a popular slogan, but where is it substantiated? It's not in the Bible (Old or New Testament), not in the Quran, not in the Declaration of Independence, and not in either the U.S. or California Constitution. It is, simply put, a manufactured argument—emotionally compelling, perhaps, but not grounded in legal or historical precedent.

What we do agree upon in this country is the right to *Life, Liberty, and the Pursuit of Happiness*—not outcomes, but opportunities. We agree on the rule of law, equal justice, and individual responsibility.

Underlying Ideology.

Though rarely stated outright, the Inclusionary Housing Ordinance is built on a fundamentally socialist ideology—one that demands others pay the price for systemic outcomes beyond their control. But socialism, like Marxism, is a failed model. It doesn't uplift communities; it burdens them and eventually collapses under its own weight.

If life hasn't turned out the way we want, the answer isn't to demand others pay the price. The answer is to adapt, to work harder, to upskill, to disengage from distractions—and to pursue our own happiness through self-reliance.

In closing, I urge you to **table this ordinance**. It is ill-timed, legally risky, economically unwise, and ideologically misguided.

M

Mark Jordan, Principal Broker RE/MAX Preferred Properties

mark@markcynthia.com / www.markcynthia.com

Main Office [REDACTED], Antioch, CA 94509

Phone: [REDACTED] / Cell: [REDACTED] / FAX: [REDACTED]

DRE#: [REDACTED] / NMLS#: [REDACTED]

* Confidentiality Notice *

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From: City of Antioch

Sent: Monday, September 15, 2025 12:32 PM

To: mark [REDACTED]

Subject: City Council Agenda



The Antioch City Council Special Meeting Agenda for the September 16, 2025 meeting is now available.

[Council Meeting Agenda](#)

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Coalition Comments on Item 6-1: Inclusionary Housing

From Joey Flegel-Mishlove [REDACTED]

Date Tue 2/3/2026 10:55 AM

To Planning Division <Planning@ci.antioch.ca.us>

Cc Cortney Jones <cjones@AntiochcaCommittee.gov>; Jennifer Perez <jperez@AntiochcaCommission.gov>; Kevin Riley <kriley@AntiochcaCommission.gov>; William Spijker <wspijker@AntiochcaCommission.gov>; Ramesh Suman <rsuman@AntiochcaCommission.gov>; Seth Webber Corcoran <swebbercorcoran@AntiochcaCommission.gov>

 1 attachment (2 MB)

Antioch IHO Coalition Comments on Item 6-1, Feb. 3, 2026.pdf;

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Dear Antioch Planning Commission,

Attached please find a letter of support for Antioch's proposed Inclusionary Housing Ordinance signed by a coalition of community organizations. While our primary comment is support for an IHO, we also make two slight recommendations for strengthening the draft ordinance:

- Clarifying the ordinance's affordability requirements by setting a specific percentage of homes constructed under the ordinance that must be affordable to *Extremely Low-Income* residents
- Setting an overall inclusionary rate of 20%

The organizations submitting this letter are:

California Center for Movement Legal Services; Contra Costa Budget Justice Coalition; East Bay Alliance for a Sustainable Economy; East Bay Housing Organizations; Ensuring Opportunity Campaign to End Poverty in Contra Costa County; Hope Solutions; Lift Up Contra Costa County; Monument Impact; Multi-Faith ACTION Coalition; Public Advocates; Rising Juntos; United Latino Voices of Contra Costa County.

Thank you,
Joey Flegel-Mishlove



Joey Flegel-Mishlove (he/him)
Senior Policy Associate
EAST BAY HOUSING ORGANIZATIONS (EBHO)

[REDACTED]
[REDACTED]

Be a part of EBHO's movement for a just and equitable East Bay. [Join or renew your membership for 2026!](#)

Important Update: EBHO will be closed on Fridays throughout 2026. Thank you in advance for your patience. Visit us at ebho.org and follow us on [Facebook](#), [LinkedIn](#), and [Instagram](#).



February 1, 2026

Seth Webber, Chair
 Cortney L. Jones, Vice-Chair
 Jennifer Perez, Commissioner
 Kevin Riley, Commissioner
 Ramesh Suman, Commissioner
 William Spijker, Commissioner

Re: Support for Antioch’s Inclusionary Ordinance

Dear Antioch Planning Commissioners,

The undersigned organizations write to you to share our collective support for a city-wide Inclusionary Housing Ordinance (IHO) in Antioch. We also offer two recommendations for amendments to the draft ordinance which we share in the spirit of collaboration, and with the hopes of crafting an ordinance that will best match the specific needs of the Antioch community. Our coalition includes Antioch community members most directly impacted by our region’s housing crisis, affordable housing developers, service providers, faith leaders, and policy experts, and together brings over 50 years of experience working with jurisdictions across the Bay Area in designing and implementing Inclusionary Housing Ordinances and other housing solutions. Our two recommendations for amending the IHO are: (1) Naming a specific percentage of homes constructed under the ordinance that must be affordable to *Extremely Low-Income* residents; and (2) Setting the IHO’s overall inclusionary rate at 20%.

We are deeply appreciative of the work Antioch’s elected leaders and staff have done so far to study the ordinance’s feasibility, gather community feedback, and create this draft ordinance. Passing an IHO in Antioch would be a major step towards a more affordable community for all Antioch residents. We are very excited to see the ordinance moving forward and urge you to recommend the ordinance’s passage to the City Council.

Why do we support an IHO?

An Inclusionary Housing Ordinance (IHO) requires that a certain percentage of all homes built in a new housing development are made affordable to low-income community members. The necessity of an IHO in Antioch is clear: with a growing population and plentiful opportunities for development, Antioch is an attractive city for housing developers. But, as was noted by one Planning Commissioner during an April 16 commission meeting, without an IHO, it is highly unlikely that developers will build housing affordable to the majority of Antioch residents. Indeed, despite the fact that Antioch is close to three years into our eight year housing element cycle, we have permitted only 4% of the 1294 homes for low-income residents we are required to plan for under our state-mandated Regional Housing Needs Allocation (RHNA).¹ Over the next five years, we will need to plan to construct 1244 homes for our most vulnerable neighbors: an IHO will help us get there.

An IHO is a mainstream tool used to achieve greater housing affordability, and 14 out of our 19 neighboring jurisdictions in Contra Costa County already have an IHO in place. IHOs bring more affordable housing to our community without the City having to spend money to develop it. Instead, the policy asks private developers who will profit in our city to support our community by selling or renting some of their homes at affordable rates. While some developers decry these ordinances and claim that they make all development in our city infeasible, city staff has already researched the issue and found that even with an IHO, developers will continue to profit in Antioch at rates that ensure continued housing development at all price levels.² In rare cases where on-site construction of affordable housing truly makes development infeasible, the ordinance provides an option for developers to pay an in-lieu fee, which the city may then use to fund 100% affordable housing developments at other sites throughout our community.

At a time when the costs of basic necessities like food, medicine, and housing continue to rise, while working people's wages remain flat and social safety nets are under threat, we strongly support the Planning Commission and City Council adopting a well established tool to promote affordable housing in Antioch.

Requiring Affordability at the *Extremely Low-Income* Level

Any IHO must not only require affordable housing, it must also set parameters defining the level of affordability required. Most jurisdictions base this level of affordability on definitions created by the federal department of Housing and Urban Development (HUD) along with California's department of Housing and Community Development (HCD). These agencies set affordability levels in relation to the Area Median Income (AMI) and have defined the following income categories:

¹ Partnership for the Bay's Future "Housing Readiness Report - Antioch - Affordable Housing Permitting." <https://www.housingreadinessreport.org/antioch#reported-progress>

² PlaceWorks Consulting and Antioch Planning Department, "Financial Feasibility Study" *Staff Report to the Antioch Planning Commission*, April 16, 2025. Pages 8-11.

Acutely Low-Income	Less than 15% of AMI
Extremely Low-Income	15-30% of AMI
Very Low-Income	30-50% of AMI
Low Income	50-80% of AMI
Moderate Income	80-120% of AMI
Above Moderate Income	More than 120% of AMI

The current draft ordinance you are considering sets a 15% overall inclusionary rate and requires 10% of all new housing to be affordable to residents defined as Very Low-Income, and 5% to be affordable to residents defined as Low-Income. Our coalition proposes this requirement be shifted so that 5% are required to be affordable each to Extremely Low-, Very Low-, and Low-Income Antioch residents.

Antioch’s 6th Cycle Housing Element update found that Antioch has a higher proportion of residents categorized as Extremely Low-Income than both Contra Costa County and the surrounding Bay Area: close to one in every five Antioch residents qualifies as Extremely Low-Income.³ It further showed that Extremely Low-Income residents are “the most impacted by high housing costs,” with 77% of ELI residents spending more than half of their income on housing.⁴ Programs meant to address housing affordability should be clear in targeting those most impacted by our community’s housing affordability crisis. Failing to require homes that are affordable to the ELI community in Antioch would be a major missed opportunity in our IHO.

ELI in Contra Costa County is currently defined as an income of \$47,950 for a family of four or \$33,600 for an individual. Severe income inequality in the Bay Area inflates the Area Median Income, leaving many hardworking families categorized as Extremely Low-Income. Our ordinances must be specific and tailored to meet the particular needs of our community. In this case, that means ensuring that our affordability levels are targeted to serve the significant ELI community living in Antioch.

Setting a 20% Inclusionary Rate

The current draft ordinance you are considering requires 15% of homes in new developments to be affordable. Our coalition has consistently advocated that the overall inclusionary requirement in Antioch’s ordinance should be set at 20%. The reason for this is simple: Antioch and the broader Bay Area face an acute crisis of housing affordability. In Antioch, this crisis cannot be explained as simply a housing shortage; during the last Housing Element cycle, Antioch produced more than twice the aggregate target amount of housing set by the RHNA process.⁵ Instead, we must specifically name in Antioch a shortage of *affordable* housing. During this same period, Antioch permitted more than three

³ City of Antioch. (2023) 2023-2031 Housing Element Update. “Housing Needs Assessment.” pg. 2-7

⁴ Ibid. pg. 2-13

⁵ During the 5th Cycle Housing Element period, Antioch had a RHNA goal of 1,448 homes, and permitted 2,941 homes. Partnership for the Bay’s Future “Housing Readiness Report - Antioch - Reported Progress” 2025. <https://www.housingreadinessreport.org/antioch/reported-progress>

times the amount of Above Moderate-Income housing targeted by our RHNA goals, but reached only 63% of our goals for Very Low-Income housing.⁶

Often, focusing on RHNA goals and numbers of “units” can miss the bigger picture. As market rate development continues to surge in Antioch without a concomitant growth of affordable housing options, our neighbors are being forced out of town and out of their homes. The Bay Area Equity Atlas reports that 66% of low-income Antioch residents live in areas at risk of displacement and gentrification⁷ and for two years in a row, Antioch has had a higher population of people experiencing homelessness than any other city in Contra Costa County.⁸

Our affordability crisis is a humanitarian disaster, and our IHO should go as far as possible towards meeting the urgent need to develop deeply affordable housing in Antioch.

Closing

Antioch staff and the consulting team at PlaceWorks have done a tremendous job researching and preparing this draft ordinance. We are deeply grateful to the City’s leadership and staff for advancing this ordinance to this point. We know that an Inclusionary Housing Ordinance alone will not solve the affordability crisis facing our community. Still, we lag behind almost all of our neighboring jurisdictions in adopting this straightforward tool to address the situation. With the inclusion of these two amendments, Antioch can pass a critical and impactful ordinance that is tailored specifically to the needs of our community. We are excited to see this ordinance move forward and offer ourselves as collaborators in developing this just and necessary ordinance.

Sincerely,

Joey Flegel-Mishlove, East Bay Housing Organizations, on behalf of:

California Center for Movement Legal Services
Contra Costa Budget Justice Coalition
East Bay Alliance for a Sustainable Economy
East Bay Housing Organizations
Ensuring Opportunity Campaign to End Poverty in Contra Costa County
Hope Solutions
Lift Up Contra Costa County
Monument Impact
Multi-Faith ACTION Coalition
Public Advocates
Rising Juntos
United Latino Voices of Contra Costa County

⁶ Ibid.

⁷ Bay Area Equity Atlas, “Gentrification Risk - Antioch, CA,”
<https://bayareaequityatlas.org/indicators/gentrification-risk?geo=07000000000602252>

⁸ Contra Costa County Health, Housing, and Homlessness, “2024 Point-In-Time Count,” and “2025 Point-In-Time Count,”
<https://www.cchealth.org/home/showpublisheddocument/30271/638732359799630000> and
<https://www.cchealth.org/home/showpublisheddocument/32051>

Antioch Planning Commission Submission for February 4th meeting, Agenda 6-1, Inclusionary Housing Ordinance Public Hearing

From Benisa Berry [REDACTED]
Date Tue 2/3/2026 3:53 PM
To Planning Division <Planning@ci.antioch.ca.us>

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Dear Members of the Antioch Planning Commission,

I am writing on behalf of the East Contra Costa Community Leaders Network (CLN) to express strong support for the staff's recommendation that the Planning Commission recommend that the City Council adopt an Inclusionary Housing Ordinance (IHO). Public Hearing of the Inclusionary Housing Ordinance recommendation is Item 6-1 on the February 4th Planning Commission meeting agenda.

This ordinance would represent a significant step forward in addressing Antioch's affordable housing needs and fulfilling the city's obligations under the Regional Housing Needs Allocation (RHNA) for the 2023-2031 cycle.

The IHO's requirement for developers to allocate 15% of new residential units as affordable housing or pay an in-lieu fee per unit is a balanced approach that promotes housing equity while maintaining project feasibility. The CLN requests the IHO include a minimum of 15% of new residential projects as affordable housing units, but requests consideration of 20% to support a meaningful impact. The comprehensive feasibility study conducted by PlaceWorks demonstrates that small-lot single-family, townhome, and multifamily rental projects can successfully incorporate affordable housing units under certain conditions, such as density increases and parking reductions.

Furthermore, the community's overwhelming support for the IHO, as evidenced by the survey and workshop results, highlights the importance of this ordinance in addressing the housing challenges faced by Antioch residents. The establishment of a Housing Trust Fund (HTF) to manage in-lieu fees and support affordable housing projects further strengthens the city's commitment to creating a diverse and inclusive community.

I urge the Planning Commission to recommend the adoption of the Inclusionary Housing Ordinance to the City Council. This ordinance is a vital tool for ensuring that Antioch remains a city where residents of all income levels can find safe, quality, and affordable housing.

Thank you for your consideration.

Sincerely,

Benisa Berry [REDACTED]
East County Community Leaders Network (CLN)

ATTACHMENT "I"

CITY OF ANTIOCH PLANNING COMMISSION REGULAR MEETING

Regular Meeting
6:30 p.m.

February 4, 2026
City Council Chambers

1. CALL TO ORDER

Chairperson Webber called the meeting to order at 6:30 P.M. on Wednesday, February 4, 2026, in Council Chambers.

2. ROLL CALL

Present: Commissioners Spijker, Riley, Vice Chairperson Jones and Chairperson Webber

Absent: Commissioners Suman and Perez

Staff: Assistant City Attorney, Scott Thorne
Planning Manager, Zoe Merideth
Planning Consultant, David Storer
Minutes Clerk, Kitty Eiden

3. PLEDGE OF ALLEGIANCE

Chairperson Webber led the Pledge of Allegiance.

4. PUBLIC COMMENT – None

5. CONSENT CALENDAR

5-1 Planning Commission Meeting Minutes January 21, 2026

On motion by Commissioner Riley, seconded by Commissioner Jones the Planning Commission members present unanimously approved the Consent Calendar. The motion carried the following vote:

AYES: *Spijker, Riley, Jones and Webber*

NOES: *None*

ABSTAIN: *None*

ABSENT: *Suman and Perez*

6. PUBLIC HEARING

6-1. **Inclusionary Housing Ordinance** - Staff recommends that the Planning Commission recommend the City Council adopt an Inclusionary Housing Ordinance (IHO).

Planning Manager Merideth introduced Greg Goodfellow, Associate Principal, PlaceWorks, who presented the staff report dated February 4, 2026, recommending the Planning Commission recommend the City Council adopt an Inclusionary Housing Ordinance (IHO).

Planning Manager Merideth added that the Planning Commission was providing direction on the IHO and Council would be setting the in-lieu fee by resolution.

Chairperson Webber opened the public comment period.

Devin Williams, Raise the Roof Coalition, wished everyone a happy Black History Month. He expressed support for the IHO, emphasizing that it should prioritize Antioch residents and incorporate a substantive affordability requirement, specifically a 20% inclusionary rate. Additionally, he highlighted that the structure of the IHO should prevent in-lieu fees from becoming the default option for developers.

Mark Jordan, expressed opposition to the IHO, citing concerns that it is not supported by current case law and raised questions regarding its constitutional validity. Additionally, he noted that the adoption of this ordinance could expose the City to unnecessary legal and financial risks.

Greg Colley, Multifaith Action Coalition, expressed support for the IHO as recommended by staff. He recommended the highest possible inclusionary requirement and prioritizing onsite construction. He urged the Planning Commission to recommend approval to the City Council. He thanked the Planning Commission, Council and staff for organizing a professional process and comprehensive package.

Joey Flegel—Mishlove, East Bay Housing Organizations, expressed support for the IHO and recommended that the requirements name extremely low-income housing and a 20% inclusionary rate.

Reverend Millie Phillips, Faith Alliance for a Moral Economy, thanked the City for bringing forward the IHO. She supported the inclusion of extremely low-income housing and a 20% inclusionary rate.

Khayla DiGiorgio, Hope Solutions, spoke in support of the IHO and encouraged the Planning Commission support shifting requirements so that 5% would be required at each level of extremely low, very low and low-income residents.

Suzanne Dershowitz, Public Advocates, Senior Staff Attorney, thanked the City for advancing the IHO and urged the Planning Commission to recommend approval to the City Council. Speaking to concerns raised by a previous speaker this evening, she commented there was no precedent that impacted the legality of the IHO. She noted that the IHO would make Antioch more competitive for grant funds and development in Antioch would remain profitable with the implementation of the IHO.

Chris Palomo, Senior Organizer Nor Cal Carpenters Union, spoke in support of the IHO and requested that the Planning Commission recommend that the City Council direct staff to

incorporate AB2011 labor standards into the policies governing the Housing Trust Fund and In-Lieu Fee program.

Chairperson Webber closed the public comment period.

Planning Consultant Storer clarified that if the Planning Commission was in support of forwarding a recommendation to the City Council, they could suggest adjusting the in-lieu fee to encourage the development community to build the units. He explained pro forma analysis related to the affordability requirements. He commented that the components of the Housing Trust Fund would include specific guidelines for use of those funds.

Commissioner Jones thanked staff and the consultant for the comprehensive report. She questioned if the area median income (AMI) would fluctuate every year as the numbers increased. She expressed concern for using the counties data since Antioch's AMI was lower.

Mr. Goodfellow responded that there was no assumption that the AMI would be updated annually; however, it would be subject to review when there was a significant increase or decrease in median income. He added that the in-lieu fee would be updated yearly based on the consumer price index. He mentioned that typically, IHOs were reviewed at least every four years. He commented that county data was used for consistency.

In response to Chairperson Webber, Mr. Goodfellow clarified that the IHO did not include any labor standards; however, if Council desired, a policy could be added to the Housing Trust Fund.

Chairperson Webber stated it was important to create affordable housing and jobs that allowed people to live locally.

Planning Consultant Storer explained the guidelines within the Housing Trust Fund and noted that it would be managed by staff. He further noted it would provide money to comingle with other funding sources to advance projects. He stated should this item be forwarded to the City Council; they would adopt the guidelines by resolution.

Commissioner Jones stated she supported the IHO as presented. She noted she wanted the housing to be built without putting major constraints on the developers. She further noted the Trust Fund would allow for the opportunity to address how the funds should be used.

In response to Commissioner Jones, Planning Consultant Storer clarified that the Trust Fund was dedicated funding, prohibited to be used for the General Fund. He noted the Trust Fund would not be coming to the Planning Commission since it was not a land use structure. He reiterated that most of the time the money was used to co-mingle with non-profit builders to better leverage their projects. He further noted should the Planning Commission recommend that the City Council adopt the IHO, a Housing Trust Fund would be established and the resolution would include program guidelines.

Mr. Goodfellow added that the guidelines for the Housing Trust Fund were dynamic and would reflect local priorities.

In response to Commissioner Spijker, Planning Manager Merideth provided an overview of the City's Regional Housing Needs Allocation (RHNA) numbers. Planning Consultant Storer added that the zoning map facilitates the market to lead toward the affordable categories and the IHO would direct those markets to produce units for the RHNA categories.

Commissioner Spijker stated he was concerned that the Housing Trust Fund would provide options that would not lead to the development of units.

Planning Consultant Storer explained that providing financial assistance to lower-income individuals through the Housing Trust Fund would achieve the same objective as constructing new units. He suggested that the City could implement an escalating factor to discourage developers from opting not to build. Additionally, he noted that the primary goal of the Housing Trust Fund was the creation of new affordable housing units, with a secondary goal of co-mingling funds.

Commissioner Spijker expressed his appreciation for the flexibility incorporated into the Housing Trust Fund. He also inquired whether there could be a legally permissible requirement to give preference to existing Antioch residents.

Assistant City Attorney Thorne responded that he would investigate the possibility of establishing a legally permissible requirement to provide preference to existing Antioch residents.

Mr. Goodfellow reported that another city had the same concern and had decided not to restrict preference solely to City residents but to residents of the County. He noted that, even after the adoption process, this approach remained questionable; however, to his knowledge, there had been no objections. He recommended that staff seek a legal opinion to determine whether such a preference could be incorporated.

Planning Consultant Storer added that the Planning Commission could forward a recommendation that the City Council consider prioritizing Antioch residents and then legal counsel could research the matter.

Commissioner Jones agreed with that recommendation.

Commissioner Spijker expressed concern that the staff report did not include data analyzing a 20% inclusionary rate.

In response to Commissioner Spijker, Planning Manager Merideth provided an overview of current projects that would be exempt since they had existing development agreements and entitlements. Mr. Goodfellow stated he had not experienced AB2011 being included in other IHOs; however, it could be included in the trust fund guidelines.

Commissioner Spijker reiterated that he would like to see the Housing Trust Fund direct the money to be spent on building new units and spreading them throughout the City was preferable.

Planning Consultant Storer stated if the IHO was approved and they were not getting onsite development; they could amend the Ordinance to increase the fees.

Commissioner Jones questioned if a timing mechanism for reviewing the ordinance and Housing Trust Fund could be written in to the IHO.

Mr. Goodfellow confirmed a recommendation could be made to the City Council to include a timing mechanism to review in-lieu fees provided versus the units built.

Chairperson Webber asked if the Planning Commission could recommend that the City Council adopt the ordinance with a recommendation that a number of units be given preference to residents of Antioch.

In response to Commissioner Spijker, Planning Consultant Storer explained the establishment of administrative fees were unrelated to the in-lieu fees.

Mr. Goodfellow mentioned that they could use a third party to administrate the IHO/Housing Trust Fund. He stated upon further review, a City could prioritize resident preferences in the ordinance. He explained that a housing authority was a County level entity.

Planning Consultant Storer added there was a threshold of size of population before the City provided Housing Authority services. He noted there were non-profits dedicated to the administration of Housing Trust Funds and the implementation of reviewing projects and agreements.

Acting Planning Manager Merideth added that the City of Antioch had Housing staff and consultants; however, a Housing Authority was a separate entity.

Commissioner Riley cautioned not to dissuade developers by having an in-lieu fee so expensive that there were no available options than to build affordable housing. He also raised the concern that the in-lieu fee might incentivize developers to pass additional costs onto consumers in other parts of the project. Despite these concerns, he stated he supported the IHO, trusting the staff and the consultant who conducted the analysis and developed the recommendations.

Planning Consultant Storer explained that lower land values and impact fees, made Antioch very attractive to developers.

Commissioner Jones commented that she believed the concerns raised by the Planning Commission could be resolved in the Housing Trust Fund guidelines.

Following discussion, the Planning Commission agreed that the IHO be approved as presented and supported forwarding the following recommendations to the City Council:

- That the Housing Trust Fund be reviewed in detail for administrative guidelines to ensure funds are prioritized for development
- That a number of units be prioritized to residents of Antioch

- That a two-year review process for the IHO and Housing Trust Fund for the purpose of looking at extremely low-income levels and modifying the Housing Trust Fund guidelines
- That the Housing Trust Fund give preference to local unions for AB2011
- That the Housing Trust Fund look at options to prioritize extremely low-income housing

On motion by Commissioner Jones, seconded by Commissioner Riley the Planning Commission members present unanimously adopted a resolution of the Planning Commission of the City of Antioch recommending the City Council adopt an Ordinance adding title 9, chapter 5, article 43: Inclusionary Housing Ordinance to the Antioch Municipal Code. With the following recommendations:

- ***That a review of the IHO and Housing Trust Fund Administrative Guidelines be conducted during the first quarter of the first year and every two years thereafter***
- ***That the Housing Trust Fund housing shall be reviewed in detail for administrative guidance to ensure funds are prioritized for development***
- ***That the housing units shall be prioritized for residents of Antioch***
- ***That a review process shall be implemented for the in-lieu fees with the flexibility to increase fees if a significant percentage of developers choose this option***
- ***That the Housing Trust Fund gives preference to local unions for AB2011***
- ***That the Housing Trust Fund shall prioritize extremely low-income households***

The motion carried the following vote:

AYES:	<i>Spijker, Riley, Jones and Webber</i>
NOES:	<i>None</i>
ABSTAIN:	<i>None</i>
ABSENT:	<i>Suman and Perez</i>

7. REGULAR ITEM

7-1. General Plan Advisory Committee Appointment Discussion

Chairperson Webber opened the public comment period.

Juan Pablo Galvan Martinez, Save Mount Diablo, gave a history of Commissioner Riley's civic engagement and spoke in support of Commissioner Riley being appointed to the GPAC.

Chairperson Webber closed the public comment period.

Planning Manager Merideth presented the staff report dated February 4, 2025, recommending the Planning Commission discuss and select potential Commissioners to be appointed to the General Plan Advisory Committee (GPAC).

Commissioner Riley thanked Mr. Martinez for endorsing him and expressed interest in being appointed to the GPAC. He gave a history of this civic engagement.

Commissioner Spijker stated he was interested in being appointed to the GPAC and gave a personal history. He stated he respected Commissioner Riley and Commissioner Jones's decision making and thought process so he would consider withdrawing his name from consideration.

Commissioner Jones expressed interest in serving on the GPAC and gave a history of her professional history and civic engagement.

Following discussion, Commissioner Spijker withdrew his interest in serving on the GPAC.

On motion by Chairperson Webber, seconded by Commissioner Spijker the Planning Commission members present unanimously selected Commissioner Riley and Commissioner Jones as potential Commissioners to be appointed to the General Plan Advisory Committee (GPAC). The motion carried the following vote:

AYES: Spijker, Riley, Jones and Webber
NOES: None
ABSTAIN: None
ABSENT: Suman and Perez

8. ORAL/WRITTEN COMMUNICATIONS

Planning Manager Merideth announced GPAC applications for the general public were available and the deadline was February 27, 2026.

9. COMMITTEE REPORTS - None

10. NEXT MEETING: March 4, 2026

Chairperson Webber announced that the next Planning Commission meeting would be held on March 4, 2026.

11. ADJOURNMENT

On motion by Commissioner Spijker, seconded by Commissioner Jones, the Planning Commission members present unanimously adjourned the meeting at 8:45 P.M. The motion carried the following vote:

AYES: Spijker, Riley, Jones and Webber
NOES: None
ABSTAIN: None
ABSENT: Suman and Perez

Respectfully submitted:

Kitty Eiden
KITTY EIDEN, Minutes Clerk

DRAFT